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Tower Entertainment, LLC  
Primary Applicant/Licensee  
Application and Disclosure Information Form

Update, February 11, 2013

## APPENDIX 38 (2)

AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED. PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:

### (2) THE POTENTIAL FOR NEW JOB CREATION AND ECONOMIC DEVELOPMENT WHICH WILL RESULT FROM GRANTING A LICENSE TO THE APPLICANT;

As documented in the attached Econsult Corporation's *The Potential Economic And Fiscal Impacts Of The Provence* ("Econsult Report"), *The Provence* will deliver significant tax revenues for the City of Philadelphia and the Commonwealth of Pennsylvania.

- The gaming amenity alone will generate more than \$900,000,000 in gaming tax revenue for the City and Commonwealth over the first five years of operations, as detailed below:

<u>Slot Machine and Table Game Tax Revenue<sup>1</sup></u>					
<u>Year</u>	<u>State Gaming Fund &amp; Property Tax Relief</u>	<u>City's Host Fees</u>	<u>State Racing Development Assessment</u>	<u>State Economic Development Assessment</u>	<u>State General Fund Revenue<sup>2</sup></u>
2015	\$88,002,360	\$12,678,942	\$31,059,657	\$12,941,524	\$16,280,062
2016	\$100,719,424	\$14,388,489	\$35,548,032	\$14,811,680	\$17,774,016
2017	\$103,884,532	\$14,840,647	\$36,665,129	\$15,277,137	\$15,713,627
2018	\$106,481,645	\$15,211,664	\$37,581,757	\$15,659,065	\$16,106,467
2019	\$108,877,482	\$15,553,926	\$38,427,347	\$16,011,394	\$16,468,863
<i>Total</i>	<i>\$507,965,444</i>	<i>\$72,673,668</i>	<i>\$179,281,921</i>	<i>\$74,700,801</i>	<i>\$82,343,034</i>

Source: Spectrum Gaming Group: Econsult Report, pp.13-14 (Table 5.1) and A-15 (Appendix G)

- The ongoing operations at *The Provence* will directly or indirectly generate almost \$17,000,000 annually in non-gaming tax revenue for the City and the Commonwealth, as detailed below:

	<u>City of Philadelphia</u>		<u>Commonwealth of Pennsylvania</u>
Wage and Earnings	\$4,200,000	Personal Income	\$2,800,000
Sales, Use, and Hotel	\$1,300,000	Sales, Use, and Hotel	\$6,600,000
Business Privilege	\$1,200,000	Corporate Net Income	\$700,000
<i>Total Per Year</i>	<i>\$6,700,000</i>	<i>Total Per Year</i>	<i>\$10,100,000</i>

Source: Econsult Report, p. 16 (Table 5.3)

- The Provence* will also generate additional ancillary spending within the City and Commonwealth that would not otherwise be spent. This ancillary spending will

<sup>1</sup> Revenue projections were developed by Tower's gaming market expert, Spectrum Gaming Group.

<sup>2</sup> The "General Fund Revenue" detailed above is paid to the Commonwealth's General Fund and is based on a 14% tax rate of the proposed casino's table game revenue for the first two years of operation and a 12% tax rate thereafter.

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directly or indirectly generate approximately \$11,500,000 in additional non-gaming tax revenue for the City and the Commonwealth, as detailed below:

	City of Philadelphia		Commonwealth of Pennsylvania
Wage and Earnings	\$1,400,000	Personal Income	\$2,600,000
Sales, Use, and Hotel	\$700,000	Sales, Use, and Hotel	\$4,200,000
Business Privilege	\$700,000	Corporate Net Income	\$2,000,000
Total Per Year	\$2,800,000	Total Per Year	\$8,800,000

Source: Econsult Report, p. 16 (Table 5.4)

- The upfront construction of *The Provence*, a 1.25 million square foot urban resort complex, will generate an additional one-time infusion of \$19,500,000 in non-gaming tax revenue for the City and the Commonwealth, as detailed below:

	City of Philadelphia		Commonwealth of Pennsylvania
Wage and Earnings	\$3,400,000	Personal Income	\$5,000,000
Sales, Use, and Hotel	\$600,000	Sales, Use, and Hotel	\$8,600,000
Business Privilege	\$900,000	Corporate Net Income	\$1,000,000
One-Time Total	\$4,900,000	One-Time Total	\$14,600,000

Source: Econsult Report, p. 15 (Table 5.2)

The Econsult Report also documents the substantial permanent job growth and temporary construction-related jobs generated by *The Provence* within the City and the Commonwealth.

- There will be an estimated 2,500 employment positions created to operate *The Provence* upon opening. Econsult Report, p.8.
- The ongoing operations at *The Provence* will generate in total approximately 3,000 permanent employment positions within the City (almost 3,700 permanent employment positions within the Commonwealth). Econsult Report, p.8-9 (Table 3.1).
- The ancillary spending generated by *The Provence* within the City and Commonwealth that would not otherwise be spent will spur additional job creation. The Econsult Report determines that this ancillary spending will generate approximately 2,300 permanent employment positions within the City (almost 4,100 permanent employment positions within the Commonwealth). Econsult Report, p. 11 (Table 4.1).
- The upfront construction of *The Provence* will further generate almost 2,000 temporary jobs within the City (more than 6,400 temporary jobs within the Commonwealth) during the construction phase of the new complex. Econsult Report, p. 6 (Table 2.1).

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The Econsult Report further concludes that *The Provence* will serve as the catalyst for an additional 2-3 million square feet of new commercial and residential real estate development within a half (1/2) mile radius around *The Provence*, delivering even more benefits for the City and the Commonwealth, including:

- Real estate development investment of approximately \$1 billion along North Broad Street and the northern edge of Center City (Econsult Report, p.19);
- An additional \$9,400,000 annually in non-gaming tax revenue for the City and the Commonwealth, as detailed below:

	City of Philadelphia		Commonwealth of Pennsylvania
Wage and Earnings	\$1,800,000	Personal Income	\$2,200,000
Sales, Use, and Hotel	\$900,000	Sales, Use, and Hotel	\$3,200,000
Business Privilege	\$600,000	Corporate Net Income	\$700,000
<i>Total Per Year</i>	<i>\$3,300,000</i>	<i>Total Per Year</i>	<i>\$6,100,000</i>

Source: Econsult Report, p.22 (Table 6.5)

- An additional one-time infusion of \$68 million in non-gaming tax revenue for the City and the Commonwealth from the upfront construction of the additional commercial and residential development, as detailed below:

	City of Philadelphia		Commonwealth of Pennsylvania
Wage and Earnings	\$8,700,000	Personal Income	\$24,700,000
Sales, Use, and Hotel	\$2,000,000	Sales, Use, and Hotel	\$22,300,000
Business Privilege	\$4,300,000	Corporate Net Income	\$6,000,000
<i>One-Time Total</i>	<i>\$15,000,000</i>	<i>One-Time Total</i>	<i>\$53,000,000</i>

Source: Econsult Report, p. 22 (Table 6.4)

- Additional permanent job creation of approximately 1,700 permanent employment positions within the City (more than 2,150 permanent employment positions within the Commonwealth) from the ongoing operations of the new commercial real estate development (Econsult Report, p. 21 (Table 6.3)); and
- Additional temporary job creation of more than 6,100 temporary jobs within the City (approximately 20,100 temporary jobs within the Commonwealth) from the upfront construction of the additional commercial and residential development (Econsult Report, p.20 (Table 6.1)).

*The Provence* will deliver significant additional benefits for the City, including:

- A goal to fill 1,000 temporary construction jobs and 1,000 permanent employment positions within the immediate neighborhood of *The Provence*;

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- Enhancement of the City's tourism and conventioner marketing efforts by adding a new and exciting mixed-use entertainment option and a 125-key hotel two blocks away from the Convention Center and Center City attractions; and
- A goal to utilize local suppliers and vendors in the construction, procurement of fixtures and operation of the development.

# **THE POTENTIAL ECONOMIC AND FISCAL IMPACTS OF THE PROVENCE**

Report Submitted To:  
Tower Entertainment, LLC  
1033 North 2<sup>nd</sup> Street Suite 2A  
Philadelphia PA 19123

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Report Submitted By:  
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November 6, 2012

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## EXECUTIVE SUMMARY

Tower Entertainment is proposing to develop The Provence, a resort complex containing a hotel, a casino, and a mix of non-gaming entertainment venues at the northern edge of Center City and immediately adjacent to the expanded Pennsylvania Convention Center Expansion District. The project will significantly stimulate the City of Philadelphia and the Commonwealth of Pennsylvania economies and generate new investment in surrounding areas.

No other casino-related development in Pennsylvania would better maximize total benefits to the City and Commonwealth, in terms of:

- Direct investment, annual spending, employment
- Corresponding net new state and local tax revenues
- Induced real estate investment by others, generating new development, construction and economic activity in nearby areas

Specific economic and fiscal impacts of The Provence and resulting real estate investments include:

1. For the City:

- **2,000 jobs and \$5 million** in city tax revenues, related to construction activities
- An additional **5,300 jobs and \$25 million** in city tax revenues annually after that, from gaming revenue, ongoing operations, and ancillary spending
- Over **600 temporary jobs and 1,000 permanent jobs** accessible to residents from the immediate neighborhood

2. For the Commonwealth:

- **6,400 jobs and \$89 million** in tax revenues and license fees, related to construction activities
- An additional **7,800 jobs and \$204 million** in state tax annually after that, from gaming revenue, ongoing operations, and ancillary spending

3. Serve as a catalyst for **2-3 million square feet** of new commercial and residential development around The Provence over the next decade, representing about **\$1 billion** in initial investment

## 1.0 INTRODUCTION

### 1.1 Tower Entertainment's Proposed The Provence: Project and Site Characteristics

Tower Entertainment is proposing to develop The Provence, an entertainment complex containing a hotel, a casino, and a mix of non-gaming entertainment venues along the north side of three blocks of Callowhill Street between North Broad Street and 17<sup>th</sup> Street, at the (current) northern edge of Center City and immediately adjacent to the expanded Pennsylvania Convention Center Expansion District. This area is severely underdeveloped at this time, and with strong development to the south and west, this project could be the keystone to spur one of the most important redevelopment opportunities for the city and state at the present time.

The Provence will generate significant economic impacts within the City of Philadelphia and the Commonwealth of Pennsylvania, and will generate significant fiscal (i.e. tax revenue) impacts for the City and Commonwealth. This report estimates that when fully operational, The Provence will generate hundreds of millions of dollars in economic impact within the City and Commonwealth, produce over \$160 million in gaming tax revenues for the Commonwealth, and induce an additional 2 million to 3 million square feet in new real estate developments in a very important part of the city.

The Provence will be positioned as a tourist and regional entertainment destination with gaming facilities, rather than a locals-oriented, stand-alone casino. The nature of The Provence makes it substantially different than other existing or proposed casino developments within the Commonwealth in terms of its scope, its significantly positive impact and its ability to open for business within 24 months of a license issuance. The Provence will cater to a far wider market than any other current or proposed casinos in Pennsylvania, including higher income tourists, conventioners, locals, and visitors not currently inclined to patronize existing metro area casinos. Furthermore, coordination with tourism and convention marketing efforts should serve to maximize out-of-state visitor impact (increased visitors, increased visitor days, and increased visitor spending per day).

The breadth of scope and design of The Provence is the primary strength of the proposal. Multiple entertainment components aggregate to approximately 1.25 million square feet of new construction, and the creation of a 120,000 square foot European-style, family-oriented rooftop village makes The Provence truly unique. The full service, high quality casino, featuring 3,300 electronic gaming devices (slots and automated table games)<sup>1</sup> and 150 table games, will be the centerpiece of The Provence, but will comprise less than 20 percent of The Provence (excluding the garages) (see Table 1.1).

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<sup>1</sup> The Provence must open with no more than 3,000 slots but can subsequently expand to more upon regulatory approval



Table 1.1 – Proposed Preliminary Distribution of Uses within The Provence<sup>2</sup>

Use	SF
Casino	120,000
Garage (2 Garages)	649,000
Bridges (2)	12,000
Hotel (125 keys)	160,000
Concert Hall	75,000
Shops	60,000
Restaurants (8)	25,000
Event Facilities (3)	30,000
Meeting Rooms	20,000
Spa and Fitness Center	20,000
Sports Venue	30,000
Pool	40,000
Night Club	9,000
<b>Total</b>	<b>1,250,000</b>

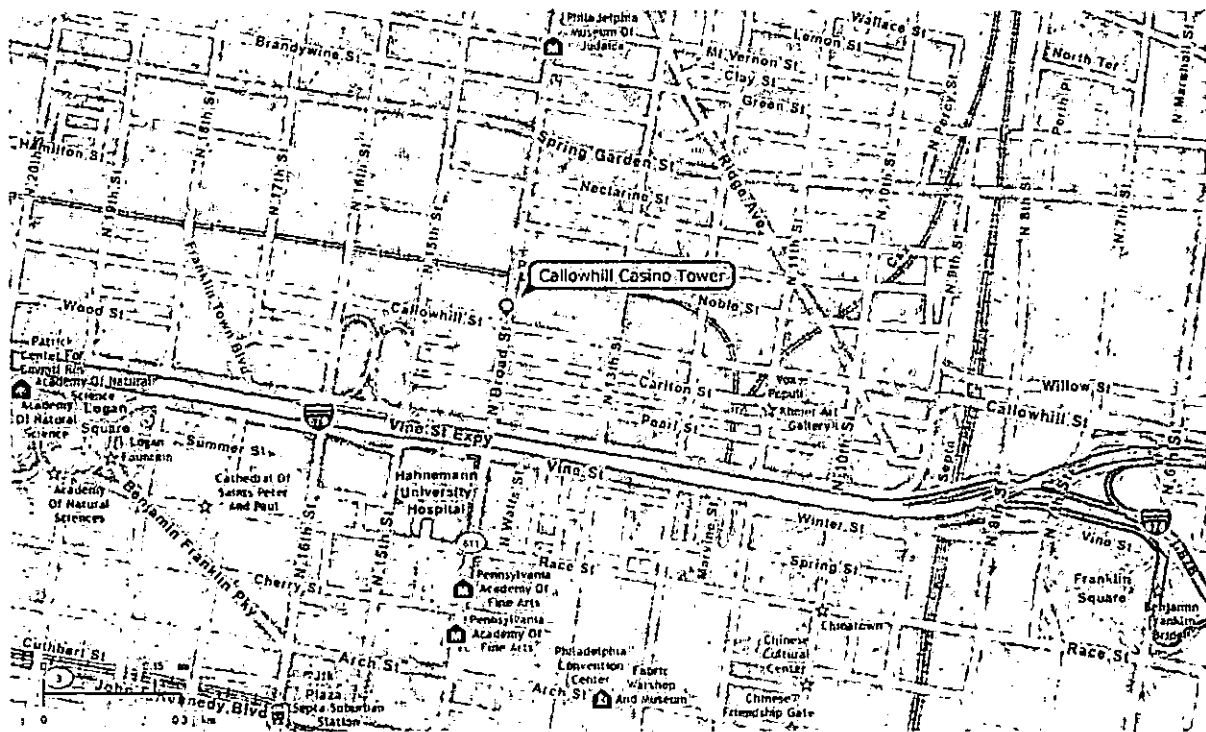
Source: Tower Entertainment (2012)

## 1.2 Project Strategy: Inducing Investment, Development and Economic Activity

The Provence has the potential not only to become a significant addition to the City and Commonwealth economy on its own, but also to serve as a spark to ignite and expand the nascent transformation of the northeast quadrant of Center City Philadelphia. This induced, or “spin-off” investment potential represents the primary public and economic benefit of the project to the city and the state. This report identifies and provides estimates of the potential economic and fiscal impacts generated by (1) the development and annual operations of The Provence itself, (2) ancillary spending by new visitors attracted by The Provence, and (3) development and annual operations of spin-off activity nearby.

In addition to the nature of The Provence project itself, clearly one of the strongest advantages is the proposed location at the crossroads of the last large area poised for redevelopment in Center City: the northeast quadrant.

<sup>2</sup> Throughout this report, totals may not sum exactly due to rounding



This project is consistent with existing city planning objectives for North Broad Street and its environs. It will connect *south* to the Convention Center and to Center City hotels and attractions, crossing Vine St. with investment in the currently underdeveloped area between Broad Street and the Benjamin Franklin Parkway. As such, it would provide a natural extension to broaden the Convention Center's impact with its new North Broad entrance.

It will also spur development *east* of Broad Street, from Vine Street to Spring Garden Street, North Broad Street to Old City, and to the Delaware River. It will further enhance redevelopment *north* along Broad Street, including boosting the nascent but popular Spring Garden/Fairmount neighborhoods up to Temple University.

Nearby transit junctions for employees and local customers, automobile ingress and egress without having to circulate through surrounding neighborhood streets, and ample existing and new parking will guarantee a very efficient access to The Provence while minimizing negative traffic impacts.<sup>3</sup>

Spectrum Gaming Group LLC has performed a market analysis for the casino component of this unique entertainment complex, and it forecasts \$457 million in annual gross gaming revenue (GGR) by Year 5, which is significantly higher than estimates for stand-alone casinos in other

<sup>3</sup> There are or will be 1,500-2,000 parking spaces on-site and other existing parking garages and surface lots in the area supply an additional 2000 parking spaces.

parts of Philadelphia and the state. Likewise, it forecasts net new GGR to be approximately \$196 million per year by Year 5, much higher than the amounts forecasted for other proposed Pennsylvania casinos.

Indeed, it would be hard to envision a casino related development in Pennsylvania that would better maximize total city and state benefits generated from multiple sources:

- Direct investment, annual spending, employment
- Corresponding net new state and local tax revenues
- Ancillary spending by patrons outside of The Provence
- State and local tax revenues generated by ancillary spending
- Induced real estate investment by others, generating new development, construction and economic activity in nearby areas
- Maximize the net export nature of the gaming, considering:
  - ✓ Use by out-of-state visitors (i.e. export)
  - ✓ Current visitor and additional visitors
  - ✓ Import substitution (i.e. keeping resident spending from going elsewhere)
  - ✓ Counter new opportunities in adjacent states
  - ✓ Latent demand (not other in-state consumption)
  - ✓ Spin-off investment, development and economic activity

## 2.0 ECONOMIC IMPACTS FROM UPFRONT CONSTRUCTION OF THE PROVENCE

### 2.1 Direct Expenditures from Upfront Construction of The Provence

It is estimated that The Provence will have a project cost of about \$700 million. For purposes of properly modeling the economic and fiscal impact of upfront construction, the following adjustments were made:

1. Seventy percent of the estimated \$65 million in furniture, fixtures, and equipment (FF&E) was excluded from the economic impact analysis, to account for the fact that a significant component of FF&E will be slots and tables, which are not manufactured within the Commonwealth.
2. One-time license fees of \$50 million for slots and \$24.75 million for tables were excluded from the economic impact analysis, and accounted for directly in fiscal impacts.
3. Financing costs (\$104.2 million) and land contribution (\$100 million) were excluded from the economic impact analysis, as they are typically not counted in input-output modeling because they do not represent the purchase of goods and services.

This yields about \$320 million in hard costs and about \$55 million in soft costs. These amounts will represent direct expenditures that will then have a multiplier effect throughout the City and Commonwealth economy, as vendors ramp up to meet new demand for goods and services, and as workers spend their earnings locally.<sup>4</sup>

### 2.2 Economic Impact from Upfront Construction of The Provence

The first set of economic impacts that results from these expenditures takes place during the construction period itself. It is estimated that these investments, and the indirect and induced expenditures that resulted from them, will generate a considerable impact within the City and Commonwealth (see Table 2-1). Within the City, upfront construction is estimated to generate about \$560 million in total expenditures, supporting about 2,000 jobs and about \$90 million in earnings. Within the Commonwealth, upfront construction is estimated to generate about \$880 million in total expenditures, supporting about 6,400 jobs and about \$270 million in

<sup>4</sup> See Appendix A for Econsult's economic and fiscal impact methodology.

earnings.<sup>5</sup> Because The Provence contains so many additional uses besides a casino, its impacts from upfront construction will be much larger than any other potential casino site.

**Table 2.1 – Estimated One-Time Economic Impact of Upfront Construction of The Provence (\$M)<sup>6</sup>**

<b>City of Philadelphia</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Direct Expenditures	\$75	\$301	\$376
Indirect and Induced Expenditures	\$37	\$146	\$183
<b>Total Expenditures</b>	<b>\$112</b>	<b>\$447</b>	<b>\$559</b>
<b>Total Employment</b>	<b>398</b>	<b>1,592</b>	<b>1,990</b>
<b>Total Earnings</b>	<b>\$17</b>	<b>\$69</b>	<b>\$86</b>
<b>Commonwealth of Pennsylvania</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Direct Expenditures	\$75	\$301	\$376
Indirect and Induced Expenditures	\$100	\$402	\$502
<b>Total Expenditures</b>	<b>\$175</b>	<b>\$703</b>	<b>\$878</b>
<b>Total Employment</b>	<b>1,283</b>	<b>5,135</b>	<b>6,418</b>
<b>Total Earnings</b>	<b>\$55</b>	<b>\$218</b>	<b>\$273</b>

*Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)*

### 2.3 Industry Distribution of Economic Impact from Upfront Construction of The Provence

The construction industry will gain the most from upfront construction of The Provence, but many other industries will also be positively impacted. Within the City, it is preliminarily estimated that 42 percent of the expenditure impact and 44 percent of the employment impact will be in industries besides construction. Within the Commonwealth, it is preliminarily

<sup>5</sup> Commonwealth impacts are larger than City impacts, even though direct expenditures are the same, because spillover impacts continue to emanate beyond City boundaries to areas outside the City. Since the City is completely contained within the Commonwealth, the Commonwealth figures include the City figures, and the difference between the two represents the impact that is estimated to take place inside the Commonwealth but outside the City.

<sup>6</sup> Throughout the report, dollar figures are expressed in 2012 terms.

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estimated that 63 percent of the expenditure impact and 60 percent of the employment impact will be in industries besides construction.<sup>7</sup>

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<sup>7</sup> See Appendix B for additional detail on the industry composition of the estimated economic impact from upfront construction of The Provence.

### 3.0 ECONOMIC IMPACTS FROM ONGOING OPERATIONS OF THE PROVENCE

#### 3.1 Direct Expenditures from Ongoing Operations of The Provence

The Provence will represent 1.25 million square feet of space and will include a 120,000 square foot casino, a 125-room hotel, a 75,000 square foot concert hall, 60,000 square feet of retail space, 50,000 square feet of event and meeting space, a 40,000 square foot pool area, a 30,000 square foot sports venue, a 20,000 square foot spa and fitness area, five restaurants, and a night club. Using data provided by Tower Entertainment, and based on conservative assumptions as to employment, salaries, and expenditures associated with various uses (proxied in part by the characteristics of other casinos and related operations throughout the Commonwealth), it is estimated that The Provence will represent about **\$225 million in annual operations and directly employ about 2,500 people**.<sup>8</sup>

#### 3.2 Economic Impact from Ongoing Operations of The Provence

The first set of economic impacts that results from The Provence takes place during the construction period itself, as discussed in Section 2. The second set of economic impacts that results from The Provence takes place each year thereafter, as it represents operating expenditures that in turn have a stimulative effect on the City and Commonwealth economy.

Based on Tower Entertainment's projections of the size and composition of The Provence and on the assumptions described above, it is estimated that these investments, and the indirect and induced expenditures that resulted from them, will generate a considerable impact within the City and Commonwealth (see Table 3.1). **Within the City**, ongoing operations are estimated to generate about \$350 million in total expenditures, supporting about **3,000 jobs** and about \$110 million in earnings per year. **Within the Commonwealth**, ongoing operations are estimated to generate about \$460 million in total expenditures, supporting about **3,700 jobs** and about \$150 million in earnings per year.

Because The Provence contains so many additional uses besides a casino, its impacts from ongoing operations will be much larger than any other potential casino location. In addition, its location characteristics (away from other casino locations up and down Interstate 95, proximate to the Pennsylvania Convention Center) suggest far less cannibalization of casino activity from other existing casinos than other possible casino sites, meaning that a much higher proportion of these impacts will be net new impacts for the Commonwealth.

<sup>8</sup> These and other operating estimates represent full occupancy figures. See Appendix C for additional detail on the assumptions used to estimate operating expenditures for The Provence.

**Table 3.1 – Estimated Annual Economic Impact of Ongoing Operations of The Provence (\$M)**

<b>City of Philadelphia</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Direct Expenditures	\$123	\$102	\$225
Indirect and Induced Expenditures	\$64	\$44	\$128
<b>Total Expenditures</b>	<b>\$187</b>	<b>\$166</b>	<b>\$353</b>
<b>Total Employment</b>	<b>1,802</b>	<b>1,198</b>	<b>3,000</b>
<b>Total Earnings</b>	<b>\$63</b>	<b>\$44</b>	<b>\$107</b>
<b>Commonwealth of Pennsylvania</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Direct Expenditures	\$123	\$102	\$225
Indirect and Induced Expenditures	\$122	\$114	\$236
<b>Total Expenditures</b>	<b>\$245</b>	<b>\$216</b>	<b>\$461</b>
<b>Total Employment</b>	<b>2,119</b>	<b>1,565</b>	<b>3,684</b>
<b>Total Earnings</b>	<b>\$88</b>	<b>\$64</b>	<b>\$152</b>

*Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)*

### **3.3 Industry Distribution of Economic Impact from Ongoing Operations of The Provence**

The arts, entertainment, and recreation industry will gain the most from ongoing operations of The Provence, but many other industries will also be positively impacted. Within the City, it is preliminarily estimated that 65 percent of the expenditure impact and 43 percent of the employment impact will be in industries besides arts, entertainment, and recreation. Within the Commonwealth, it is preliminarily estimated that 73 percent of the expenditure impact and 52 percent of the employment impact will be in industries besides arts, entertainment, and recreation.<sup>9</sup>

<sup>9</sup> See Appendix D for additional detail on the industry composition of the estimated economic impact from ongoing operations of The Provence.



## 4.0 ECONOMIC IMPACTS FROM ANCILLARY SPENDING ATTRACTED BY THE PROVENCE

### 4.1 Direct Expenditures from Ancillary Spending Attracted by The Provence

In addition to one-time expenditures associated with its upfront construction and annual expenditures associated with its ongoing operations, The Provence will generate new expenditures within the City and Commonwealth through the importation of spending by visitors to its hotel and casino components. These expenditures, in categories such as transportation, accommodations, food, and retail, are often referred to as *ancillary spending*, and they are an important component of The Provence's economic and fiscal impact within the City and Commonwealth.

For the purposes of this analysis, ancillary spending estimates are only for those amounts outside of The Provence, since any spending within The Provence is already accounted for in the previous section's figures regarding operating expenditures. For the sake of simplicity and to be conservative, only ancillary spending generated by The Provence's casino component is considered in this report. In reality, ancillary spending generated by The Provence's hotel component is likely to be significant, especially given the City's relative dearth of hotel rooms and the recent expansion of the Pennsylvania Convention Center.

Based on a market analysis conducted by Spectrum Gaming Group, the casino component of The Provence is estimated to attract about 5.3 million gaming patron visits per year, as well as an additional 361,000 visits per year from tourists who will patronize the casino. To be conservative, no ancillary spending is ascribed to the projected 361,000 tourist visits, since it is assumed that they are already coming to the City and Commonwealth and therefore do not represent any net new ancillary spending within the City and Commonwealth.<sup>10</sup> To be further conservative, low-end estimates of ancillary spending per gaming patron visit are used, and 50 percent of those ancillary spending amounts are assumed to take place within The Provence and are therefore excluded.<sup>11</sup> Based on these assumptions, it is estimated that the volume and distribution of visits estimated by the Spectrum Gaming Group will represent about \$127 million per year in ancillary spending within the City and Commonwealth.

<sup>10</sup> I.e. it is assumed that they do not represent any net new spending in such categories as transportation, accommodations, food, and retail. They may represent net new spending within The Provence, but as noted above, that spending is already accounted for in the previous section's figures regarding operating expenditures. In reality, it is likely that The Provence will in fact result in net new tourist visits to the City and Commonwealth, thus generating additional visitor spending over and above what is estimated here.

<sup>11</sup> I.e. of the ancillary spending represented by gaming patron visits, half of those amounts are assumed to go towards expenditures within The Provence, which are therefore already accounted for in the previous section's figures regarding operating expenditures. See Appendix E for additional detail on ancillary spending generated by The Provence.

## 4.2 Economic Impact from Ancillary Spending Attracted by The Provence

This importation of spending, and the indirect and induced expenditures that resulted from them, will generate a considerable impact within the City and Commonwealth (see Table 4.1). Within the City, ancillary spending is estimated to generate about \$200 million in total expenditures, supporting about 2,300 jobs and about \$37 million in earnings per year. Within the Commonwealth, ancillary spending is estimated to generate about \$290 million in total expenditures, supporting about 4,100 jobs and about \$82 million in earnings per year.

Because The Provence contains so many additional uses besides a casino, its impacts from ancillary spending will be much larger than any other potential casino location. And, as noted before, its location characteristics suggest far less cannibalization of casino activity from other existing casinos than other possible casino sites, meaning that a much higher proportion of these impacts will be net new impacts for the Commonwealth.

**Table 4.1 – Estimated Annual Economic Impact of Ancillary Spending Attracted by The Provence (\$M)**

	City	Commonwealth
Direct Expenditures	\$127	\$127
Indirect and Induced Expenditures	\$76	\$158
Total Expenditures	\$203	\$285
Total Employment	2,273	4,081
Total Earnings	\$37	\$82

*Source: US Department of Commerce (2009), Tower Entertainment (2012), EconSult Corporation (2012)*

## 4.3 Industry Distribution of Economic Impact from Ancillary Spending Attracted by The Provence

The accommodations and food services industry will gain the most from ancillary spending attracted by The Provence, but many other industries will also be positively impacted. Within the City, it is preliminarily estimated that 58 percent of the expenditure impact and 42 percent of the employment impact will be in industries besides arts, entertainment, and recreation. Within the Commonwealth, it is preliminarily estimated that 70 percent of the expenditure

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impact and 54 percent of the employment impact will be in industries besides arts, entertainment, and recreation.<sup>12</sup>

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<sup>12</sup> See Appendix F for additional detail on the industry composition of the estimated economic impact from ancillary spending attracted by The Provence.

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## 5.0 FISCAL IMPACTS FROM THE PROVENCE

### 5.1 Fiscal Impact Overview

The Provence will generate significant fiscal revenue and expenditures for both the Commonwealth and City. New tax revenues will be generated from expansions in various local and state tax bases from the following sources:

- ***Gaming Tax Revenues***
- ***Construction, Operations and Ancillary Spending***
- ***Resulting Nearby Investments:***
  - ✓ Upfront construction of nearby real estate investment
  - ✓ Ongoing operations of commercial component of nearby real estate investment
  - ✓ New residents and wage earners from residential component of nearby real estate investment

The increased economic activity will also generate a demand for increased public sector services, primarily municipal services. In this section, we estimate and forecast, and note that both the net fiscal impacts for both the Commonwealth and the City are likely to be positive and significant.

### 5.2 One-Time License Fees

If awarded, The Provence will pay \$50 million in one-time license fees to the Commonwealth for the right to have slot machines, and will also pay \$24.8 million in one-time license fees to the Commonwealth for the right to have table games. This represents an upfront fiscal impact to the Commonwealth of \$74.8 million.

### 5.3 Annual Gaming Tax Revenues

Gaming tax revenues will be the main state and local source of tax revenue generated by The Provence. Based on Spectrum Gaming Group's estimates, the casino component of The Provence will generate about \$460 million in Gross Gaming Revenues (GGR) in Year 5.

Approximately 70 percent of this revenue should come from slot machines, and the remaining 30 percent from table gaming revenues.

According to the Pennsylvania Gaming Control Board, one dollar produced via slots machines represents 51 cents in revenue returned to all Pennsylvanians through taxation, and an additional four cents to the City.<sup>13</sup> Table gaming revenue is estimated to bring 14 cents to the dollar in tax revenue to Pennsylvanians and an additional two cents to the City. Based on these estimates, **tax revenues to the Commonwealth in Year 5 represent an estimated \$185 million, and another \$16 million to the City** (see Table 5.1).<sup>14</sup>

**Table 5.1 – Estimated Annual Total Gaming Tax Revenues Generated by The Provençe (in \$M)**

	Year 1	Year 2	Year 3	Year 4	Year 5
Total State Gaming Revenues	\$152.9	\$173.9	\$176.8	\$181.2	\$185.2
Total Local Gaming Revenues	\$12.7	\$14.4	\$14.8	\$15.2	\$15.6
Total Gaming Tax Revenues	\$165.6	\$188.3	\$191.6	\$196.4	\$200.8

*Source: Spectrum Gaming Group (2012), Gaming Control Board (2012)*

#### **5.4 Fiscal Impact from Upfront Construction, Ongoing Operations, and Ancillary Spending of The Provençe**

The Provençe will expand various tax bases within the City and Commonwealth in three distinct ways. First, construction will generate new upfront economic activity. Second, operations will generate new ongoing economic activity. Third, ancillary spending will draw in new expenditures each year.

The expansion in economic activity represented by direct construction expenditures of The Provençe and by the indirect and induced expenditures that result from them will result in a

<sup>13</sup> "Gaming Benefits for Pennsylvanians," Gaming Control Board.

<sup>14</sup> See Appendix G for additional detail on fiscal impact from Gross Gaming Revenue to the City of Philadelphia and the Commonwealth of Pennsylvania.

one-time expansion in various tax bases within the City and Commonwealth (see Table 5.2).<sup>15</sup> It is estimated that **the City will gain about \$5 million in tax revenues and the Commonwealth will gain about \$15 million in tax revenues** as a result of upfront construction of The Provence.

**Table 5.2 – Estimated One-Time Fiscal Impact from Upfront Construction of The Provence (\$M)**

<b>City of Philadelphia</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Wage and Earnings	\$0.7	\$2.7	\$3.4
Sales	\$0.1	\$0.5	\$0.6
Business Privilege	\$0.2	\$0.7	\$0.9
<b>Total City Tax Revenues</b>	<b>\$1.0</b>	<b>\$3.9</b>	<b>\$4.9</b>
<b>Commonwealth of Pennsylvania</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Personal Income	\$1.0	\$4.0	\$5.0
Sales and Use	\$1.7	\$6.9	\$8.6
Corporate Net Income	\$0.2	\$0.8	\$1.0
<b>Total Commonwealth Tax Revenues</b>	<b>\$2.9</b>	<b>\$11.7</b>	<b>\$14.6</b>

*Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)*

The expansion in economic activity represented by ongoing operations of The Provence and by the indirect and induced expenditures that result from it will result in an ongoing expansion in various tax bases within the City and Commonwealth (see Table 5.3). It is estimated that **the City will gain about \$7 million in tax revenues and the Commonwealth will gain about \$10 million in tax revenues each year** as a result of ongoing operations of The Provence. These fiscal impacts include estimated hotel tax revenues<sup>16</sup> from the hotel room revenues associated with The Provence.

Finally, the expansion in economic activity represented by ancillary spending drawn into the City and Commonwealth by The Provence, and by the indirect and induced expenditures that result from them, will result in an ongoing expansion in various tax bases within the City and Commonwealth (see Table 5.4). It is estimated that **the City will gain about \$3 million in tax**

<sup>15</sup> Because the City and Commonwealth are distinct government jurisdictions, there is no overlap between City tax revenue estimates and Commonwealth tax revenue estimates: the City tax revenue figure is the amount estimated to go to the City, and the Commonwealth tax revenue figure is the amount estimated to go to the Commonwealth.

revenues and the Commonwealth will gain about \$9 million in tax revenues each year as a result of ancillary spending drawn by The Provence.

**Table 5.3 – Estimated Annual Fiscal Impact from Ongoing Operations of The Provence (\$M)**

City of Philadelphia	Casino	Non-Casino	The Provence
Wage and Earnings	\$2.5	\$1.7	\$4.2
Sales (Including Hotel Taxes)	\$0.4	\$0.9	\$1.3
Business Privilege	\$0.7	\$0.5	\$1.2
<b>Total City Tax Revenues</b>	<b>\$3.6</b>	<b>\$3.1</b>	<b>\$6.7</b>
Commonwealth of Pennsylvania	Casino	Non-Casino	The Provence
Personal Income	\$1.6	\$1.2	\$2.8
Sales and Use (Including Hotel Taxes)	\$3.4	\$3.2	\$6.6
Corporate Net Income	\$0.4	\$0.3	\$0.7
<b>Total Commonwealth Tax Revenues</b>	<b>\$5.4</b>	<b>\$4.7</b>	<b>\$10.1</b>

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table 5.4 – Estimated Annual Fiscal Impact from Ancillary Spending Attracted by The Provence (\$M)**

City of Philadelphia		Commonwealth of Pennsylvania	
Wage and Earnings	\$1.4	Personal Income	\$2.6
Sales	\$0.7	Sales and Use	\$4.2
Business Privilege	\$0.7	Corporate Net Income	\$2.0
<b>Total City Tax Revenues</b>	<b>\$2.8</b>	<b>Total Commonwealth Tax Revenues</b>	<b>\$8.8</b>

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

## 5.5 Total Fiscal Impacts of The Provence

All told, The Provence will generate significant fiscal impacts for the City and Commonwealth (see Table 5.5 and Table 5.6). The City will collect about \$16 million annually from Gross

Gaming Revenue (GGR) (by Year 5 of operations), and gain approximately \$5 million in tax revenues from upfront construction and \$10 million per year in tax revenues from annual operations and ancillary spending. The Commonwealth will collect about \$75 million from one-time licensing fees and about \$185 million annually from GGR (by Year 5 of operations), and gain approximately \$15 million in tax revenues from upfront construction and \$19 million per year in tax revenues from annual operations and ancillary spending.

**Table 5.5 – Estimated Fiscal Impacts to the City of Philadelphia from The Provence (\$M)**

<b>One-Time Fiscal Impacts</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
From Upfront Construction	\$1.0	\$3.9	\$4.9

<b>GGR Impacts</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Annual Gaming Revenues (by Year 5)	\$15.6		\$15.6

<b>Annual Fiscal Impacts</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
From Ongoing Operations	\$3.6	\$3.1	\$6.7
From Ancillary Spending		\$2.8	\$2.8
<b>Annual Fiscal Impacts</b>	<b>\$3.6</b>	<b>\$5.9</b>	<b>\$9.5</b>

*Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)*



**Table 5.6 – Estimated Fiscal Impacts to the Commonwealth of Pennsylvania from The Provenche (\$M)**

<b>License Fees</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provenche</b>
One-Time Fees for Slots and Tables	\$74.8		\$74.8

<b>One-Time Fiscal Impacts</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provenche</b>
From Upfront Construction	\$2.9	\$11.7	\$14.6

<b>GGR Impacts</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provenche</b>
Annual Gaming Revenues (by Year 5)	\$185.2		\$185.2

<b>Annual Fiscal Impacts</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provenche</b>
From Ongoing Operations	\$5.4	\$4.7	\$10.1
From Ancillary Spending		\$8.8	\$8.8
<b>Annual Fiscal Impacts</b>	<b>\$5.4</b>	<b>\$13.5</b>	<b>\$18.9</b>

*Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)*

## 6.0 ECONOMIC AND FISCAL IMPACT FROM ADDITIONAL NEARBY REAL ESTATE INVESTMENT

### 6.1 Direct Expenditures from Upfront Construction of Additional Nearby Real Estate Investment

The Providence is likely to induce significant additional nearby residential and commercial development, on the order of 2 million to 3 million square feet within a ½ mile radius of the site. It is assumed that the composition of this new investment will be 200,000 square feet of retail, 800,000 square feet of office, and 1.5 million of residential (1,000 units at 1,500 square feet per unit). Using industry estimates for construction cost per square foot, it is estimated that that will represent about \$1 billion in aggregate upfront construction activity.

It is useful to consider the magnitude of additional economic and fiscal impact to the City and Commonwealth that is associated with this nearby real estate investment. These impacts will result from upfront construction as well as ongoing operations, expanding various City and Commonwealth tax bases and adding residents and wage earners to the City and Commonwealth.

### 6.2 Economic Impact from Upfront Construction of Additional Nearby Real Estate Investment

The first set of economic impacts that results from these investments will take place during the construction period itself. It is estimated that these investments, and the indirect and induced expenditures that resulted from them, will generate a considerable impact within the City and Commonwealth (see Table 6.1). Within the City, upfront construction is estimated to generate about \$1.46 billion in total expenditures, supporting about 6,000 jobs and about \$240 million in earnings. Within the Commonwealth, upfront construction is estimated to generate about \$2.35 billion in total expenditures, supporting about 20,000 jobs and about \$760 million in earnings.

**Table 6.1 – Estimated One-Time Economic Impact of Upfront Construction of Additional Nearby Real Estate Investment Induced by The Provence (\$M)**

	City	Commonwealth
Direct Expenditures	\$973	\$973
Indirect and Induced Expenditures	\$483	\$1,373
<b>Total Expenditures</b>	<b>\$1,456</b>	<b>\$2,346</b>
<b>Total Employment</b>	<b>6,167</b>	<b>20,133</b>
<b>Total Earnings</b>	<b>\$240</b>	<b>\$760</b>

Source: US Department of Commerce (2009), City of Philadelphia Office of Property Assessment (2012), Marshall & Swift (2010), Buildingjournal.com (2012), Turner Construction (2012), Econsult Corporation (2012)

### 6.3 Economic Impact from Ongoing Operations of Additional Nearby Commercial Real Estate Investment

The second set of economic impacts that results from these investments takes place each year thereafter, as these developments represent operating expenditures that in turn have a stimulative effect on the City and Commonwealth economy. Based on conservative assumptions as to employment, salaries, and expenditures associated with the various commercial uses, it is estimated that the ongoing operations from this newly added commercial space will represent about \$200 million in annual operating expenditures and employ 2,700 people (see Table 6.2).

**Table 6.2 – Conservative Assumptions Made in Estimating Annual Operating Expenditures of Additional Nearby Commercial Real Estate Investment Induced by The Provence<sup>16</sup>**

Use	Residential	Retail	Office	Total
SF	1,500,000	200,000	800,000	2,500,000
Estimated # Employees		300	2,400	2,700
<b>Estimated Total Expenditures (\$M)</b>		<b>\$28</b>	<b>\$184</b>	<b>\$212</b>

Source: Tower Entertainment (2012), US Bureau of Labor Statistics (2011), bizstats.com (2011), Econsult Corporation (2012)

<sup>16</sup> See Appendix H for additional detail on conservative assumptions utilized in estimating annual operating expenditures for The Provence.

Based on the assumptions described above, it is estimated that these investments, and the indirect and induced expenditures that resulted from them, will generate a considerable impact within the City and Commonwealth (see Table 6.3). Within the City, ongoing operations are estimated to generate about \$330 million in total expenditures, supporting about 1,700 jobs and about \$50 million in earnings per year. Within the Commonwealth, ongoing operations are estimated to generate about \$480 million in total expenditures, supporting about 2,200 jobs and about \$130 million in earnings per year.

**Table 6.3 – Estimated Annual Economic and Fiscal Impact of Ongoing Operations of Additional Nearby Commercial Real Estate Investment Induced by The Provençe (\$M)**

	City	Commonwealth
Direct Expenditures	\$212	\$212
Indirect and Induced Expenditures	\$123	\$264
<b>Total Expenditures</b>	<b>\$335</b>	<b>\$476</b>
<b>Total Employment</b>	<b>1,665</b>	<b>2,158</b>
<b>Total Earnings</b>	<b>\$49</b>	<b>\$134</b>

Source: US Department of Commerce (2009), City of Philadelphia Office of Property Assessment (2012), Marshall & Swift (2010), Buildingjournal.com (2012), Turner Construction (2012), Econsult Corporation (2012)

#### 6.4 Fiscal Impact from Additional Nearby Commercial Real Estate Investment

The expansion in economic activity represented by direct construction expenditures of real estate investment near The Provençe and by the indirect and induced expenditures that result from them will expand various tax bases within the City and Commonwealth (see Table 6.4). It is estimated that the City will gain about \$15 million in tax revenues and the Commonwealth will gain about \$53 million in tax revenues as a result.

**Table 6.4 – Estimated Fiscal Impact of Economic Activity Resulting from Upfront Construction of Additional Nearby Commercial Real Estate Investment (\$M)**

City of Philadelphia		Commonwealth of Pennsylvania	
Wage and Earnings	\$8.7	Personal Income	\$24.7
Sales	\$2.0	Sales and Use	\$22.3
Business Privilege	\$4.3	Corporate Net Income	\$6.0
<b>Total City Tax Revenues</b>	<b>\$15.0</b>	<b>Total Commonwealth Tax Revenues</b>	<b>\$53.0</b>

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

The expansion in economic activity represented by ongoing operations of the commercial component of real estate investment near The Provence and by the indirect and induced expenditures that result from them will expand various tax bases within the City and Commonwealth (see Table 6.5). It is estimated that the City will gain about \$3 million in tax revenues and the Commonwealth will gain about \$6 million in tax revenues each year as a result.

**Table 6.5 – Estimated Fiscal Impact of Economic Activity Resulting from Ongoing Operations of Additional Nearby Commercial Real Estate Investment (\$M)**

City of Philadelphia		Commonwealth of Pennsylvania	
Wage and Earnings	\$1.8	Personal Income	\$2.2
Sales	\$0.9	Sales and Use	\$3.2
Business Privilege	\$0.6	Corporate Net Income	\$ .7
<b>Total City Tax Revenues</b>	<b>\$3.3</b>	<b>Total Commonwealth Tax Revenues</b>	<b>\$6.1</b>

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

#### **6.5 Fiscal Impact from New Residents and Wage Earners from Additional Nearby Residential Real Estate Investment**

The fiscal impact estimates above only include impacts which are generated from the operations of the commercial components of new developments near The Provence. To the extent that these new developments also include a significant residential component, which

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will result in net new residents and wage earners within the City and Commonwealth, these developments also represent an expansion in the City's and Commonwealth's tax bases and an increase in the City's and Commonwealth's tax revenues.

Using conservative assumptions regarding the importation of new residents and wage earners, and the annual personal earnings and sales taxable spending they represent, it is estimated that the residential component of all of these new developments directly results in an additional \$600,000 in City tax revenues and an additional \$300,000 in Commonwealth tax revenues per year.<sup>17</sup>

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<sup>17</sup> These figures do not include any indirect or induced expenditures generated by this importation of residents and wage earners. See Appendix I for additional detail used to estimate the fiscal impact of new residents.

## 7.0 CREATION OF JOBS FROM UPFRONT CONSTRUCTION AND ONGOING OPERATIONS OF THE PROVENCE THAT ARE ACCESSIBLE TO NEIGHBORHOOD RESIDENTS

### 7.1 Overview

The Provence will not only support a significant amount of new jobs within the City and Commonwealth, but will also represent a significant number of jobs that are accessible to residents of its immediate neighborhood (see Figure 7.1). By comparing the labor demanded by the upfront construction and ongoing operations of The Provence with the labor supplied by neighborhood residents, an estimate of the number and proportion of jobs that are accessible to neighborhood residents can be determined.

Figure 7.1 – Boundaries of The Provence's Immediate Neighborhood



Source: City of Philadelphia (2010, 2012), Econsult Corporation (2012)

## 7.2 Defining Job Accessibility

In addition to the broader economic and fiscal impacts described in previous sections, The Provence strengthens its immediate neighborhood by creating jobs that are accessible to neighborhood residents. This section compares the amount and distribution of *labor demanded by The Provence* (during upfront construction and ongoing operations) with the amount and distribution of labor that can potentially be *supplied by neighborhood residents*.

Accessibility of jobs created by The Provence (labor demanded) to residents of its immediate neighborhood (labor supplied) was proxied by conservatively assigning educational attainment levels needed for various jobs and comparing that with the educational attainment levels of neighborhood residents. Three educational attainment levels were used in estimating how much labor being demanded by The Provence could be supplied by neighborhood residents:

- "A" – Requiring high school diploma and some college
- "B" – Requiring a bachelor degree
- "C" – Requiring a master or doctoral degree<sup>18</sup>

## 7.3 Job Accessibility

Comparing the composition of jobs demanded by The Provence (by educational attainment level needed) with the composition of the residents of its immediate neighborhood (by their educational attainment level) gives some sense of the number of jobs demanded by The Provence that are accessible to neighborhood residents. For "A," "B," and "C" jobs, it appears there are many more qualified neighborhood residents than there are available jobs, suggesting that a very large proportion of the jobs demanded are accessible to neighborhood residents (see Table 7.1).

<sup>18</sup> These letters represent the intersection of employment demand (jobs required by The Provence), and employment supply (the labor pool represented by the immediate neighborhood). To be conservative, higher educational attainment levels than are actually necessary were used. This is not done to suggest that The Provence will be restrictive in its hiring of local residents; rather, it is done to make the labor supply estimates lower than they probably are, for purposes of being conservative. For example, if a set of jobs does not require even a high school diploma, and the methodology employed here only looks at residents who have a high school diploma and some college, that will have the effect of conservatively underestimating the number of residents for whom that set of jobs is accessible. Results arrived at through such a conservative approach should therefore be considered low-end estimates, with actual amounts likely to be higher.



**Table 7.1 – Comparison of the Composition of Jobs Demanded by The Provence, by Educational Attainment, with the Educational Attainment of the Residents within The Provence's immediate Neighborhood**

Job Level	# Jobs Demanded (Upfront Construction)	# Jobs Demanded (Ongoing Operations)	# Jobs Supplied by Qualified Neighborhood Residents
"A"	1,094	1,943	6,101
"B"	214	299	1,674
"C"	30	258	1,631
<b>Total</b>	<b>1,338</b>	<b>2,500</b>	<b>9,406</b>

Source: EMSI (2012), US Department of Labor Bureau of Labor Statistics (2010), US Census Bureau (2010), Econsult Corporation (2012)

Educational attainment is admittedly an imperfect proxy for the skills and experiences needed for a particular job. On the labor supply side, neighborhood residents may choose not to apply for these new jobs because they are already gainfully employed or because they are simply not interested in these kinds of jobs. On the labor demand side, the number of direct construction and operations jobs that are accessible to neighborhood residents that actually go to neighborhood residents can be influenced by the amount of outreach that is conducted to make neighborhood residents aware of such job opportunities.

Nevertheless, a rough estimate can be made of the number and type of jobs that are accessible to neighborhood residents. If it is conservatively assumed that 50 percent of "A" jobs, 30 percent of "B" jobs, and 10 percent of "C" jobs will be secured by residents of The Provence's immediate neighborhood (the labor supply and labor demand numbers suggest that these proportions are readily achievable), this would mean that over 610 direct construction jobs (about 46 percent of the direct construction jobs that will go to City residents) and over 1,000 direct operations jobs (about 43 percent of the direct operations jobs that will go to City residents) may go to residents of The Provence's immediate neighborhood (see Table 7.2 and Table 7.3).<sup>19</sup>

<sup>19</sup> See Appendix J for additional detail on labor demanded and educational attainment by industry.

**Table 7.2 – Estimated Number of Temporary Jobs Generated by the Upfront Construction of The Provence That Are Accessible to Residents within The Provence's Immediate Neighborhood**

Job Level	# Jobs Demanded by Upfront Construction	% Jobs That May Go to Neighborhood Residents	# Jobs That May Go to Neighborhood Residents
"A"	1,094	50%	547
"B"	214	30%	64
"C"	30	10%	3
<b>Total</b>	<b>1,338</b>		<b>614</b>
<b>% of All Jobs</b>			<b>46%</b>

Source: EMSI (2012), US Department of Labor Bureau of Labor Statistics (2010), US Census Bureau (2010), Econsult Corporation (2012)

**Table 7.3 – Estimated Number of Permanent Jobs Generated by the Ongoing Operations of The Provence That Are Accessible to Residents within The Provence's Immediate Neighborhood**

Job Level	# Jobs Demanded by Ongoing Operations	% Jobs That May Go to Neighborhood Residents	# Jobs That May Go to Neighborhood Residents
"A"	1,943	50%	971
"B"	299	30%	90
"C"	258	10%	26
<b>Total</b>	<b>2,500</b>		<b>1,087</b>
<b>% of All Jobs</b>			<b>43%</b>

Source: EMSI (2012), US Department of Labor Bureau of Labor Statistics (2010), US Census Bureau (2010), Econsult Corporation (2012)

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## 8.0 CONCLUSION

In summary, The Provence represents the highest potential for impact among all possible casino sites within the City, in terms of its economic and fiscal impact to the City and Commonwealth (see Table 8.1 and Table 8.2).

1. Its many complementary uses will work together to generate a significant amount of economic and fiscal impact within the City and Commonwealth.
2. Its strategic location makes it the site that will cannibalize existing casino activity the least, making more of that economic and fiscal impact new to the Commonwealth and not just a reshuffling of existing impact.
3. Its catalytic effect on nearby residential and commercial development will result in even more economic and fiscal impact within the City and Commonwealth.

Furthermore, The Provence represents the fulfillment of many citywide objectives. Most notably, it builds off of existing positive momentum on North Broad Street, sits in close proximity to the expanded Pennsylvania Convention Center, and adds significant density at a transit-served hub near the heart of Center City. These characteristics represent additional compelling positives for The Provence.

**Table 8.1 – Estimated Economic and Fiscal Impact of Upfront Construction, Ongoing Operations, and Ancillary Spending of The Provence in the City of Philadelphia (in 2012 \$M)**

<b>From Upfront Construction</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Total Expenditures	\$112	\$447	\$559
Total Employment	398	1,592	1,990
Total Tax Revenues	\$1.0	\$3.9	\$4.9
<b>From Ongoing Operations and Ancillary Spending</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Total Expenditures	\$187	\$369	\$556
Total Employment	1,802	3,471	5,273
Total Tax Revenues (incl. GGR)	\$19.2	\$5.9	\$25.1

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table 8.2 – Estimated Economic and Fiscal Impact of Upfront Construction, Ongoing Operations, and Ancillary Spending of The Provence in the Commonwealth of Pennsylvania (in 2012 \$M)**

<b>From Upfront Construction</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Total Expenditures	\$175	\$703	\$878
Total Employment	1,283	5,135	6,148
Total Tax Revenues (incl. license fees)	\$77.7	\$11.7	\$89.4
<b>From Ongoing Operations and Ancillary Spending</b>	<b>Casino</b>	<b>Non-Casino</b>	<b>The Provence</b>
Total Expenditures	\$245	\$501	\$746
Total Employment	2,119	5,646	7,765
Total Tax Revenues (incl. GGR)	\$190.6	\$13.5	\$204.1

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

## APPENDIX A – ECONOMIC AND FISCAL IMPACT MODEL METHODOLOGY

### A.1 Economic Impact Model

The methodology and input-output model used in this economic impact analysis are considered standard for estimating such expenditure impacts, and the results are typically recognized as reasonable and plausible effects based on the assumptions (including data) used to generate the impacts. In general, any economic activity can be described in terms of the total output generated from every dollar of direct expenditures. If an industry in a given region sells \$1 million of its goods, there is a direct infusion of \$1 million into the region. These are referred to as *direct expenditures*.

However, the economic impact on the region does not stop with that initial direct expenditure. Regional suppliers to that industry have also been called upon to increase their production to meet the needs of the industry to produce the \$1 million in goods sold. Further, suppliers of these same suppliers must also increase production to meet their increased needs as well. These are referred to as *indirect expenditures*. In addition, these direct and indirect expenditures require workers, and these workers must be paid for their labor. These wages and salaries will, in turn, be spent in part on goods and services produced locally, engendering another round of impacts. These are referred to as *induced expenditures*.

Direct expenditures are fed into a model constructed by Econsult Corporation and based on data provided by the US Department of Commerce's Bureau of Economic Analysis through its Regional Input-Output Modeling System (RIMS II). The model then produces a calculation of the total expenditure effect on the regional economy. This total effect includes the initial direct expenditure effect, as well as the ripple effects described, the indirect and induced expenditure effects.

Part of the total expenditure effect is actually the increase in total wages and salaries (usually referred to as earnings), which the model can separate from the expenditure estimates. Direct payroll estimates are fed into the "household" industry of the input-output model. Impacts of this industry are estimated using the personal consumption expenditure breakdown of the national input-output table and are adjusted to account for regional consumption spending and leakages from personal taxes and savings. The direct, indirect, and induced earnings represent a component of the total economic impact attributable to wages and salaries. Finally, the model calculates the total expenditures affecting the various industries and translates this estimate into an estimate of the total labor (or jobs) required to produce this output.<sup>20</sup>

<sup>20</sup> In the input-output model, the estimate of increased employment will always be in terms of the employment required for a given level of production, usually referred to as *person-years* of employment. As such, these estimates cannot be interpreted as specifying *permanent jobs*.

In short, the input-output model estimates the total economic activity in a region that can be attributed to the direct demand for the goods or services of various industries. This type of approach is used to estimate the total economic activity attributable to the expenditures associated with various types of spending in the region.

## A.2 Fiscal Impact Model

The RIMS II model provides estimates of the economic impact of a new project or program on the regional economy. It does not, however, estimate the fiscal impact of the increased economic activity on state and local governments. Econsult has constructed a model that takes the output from the RIMS II model and generates detailed estimates of the increases in state and local tax collections that arise from the new project. Those revenues are in fact a part of the total economic impact of a new project that is often ignored in conventional economic impact analyses.

The RIMS II model provides estimates of direct, indirect, and induced expenditures, earnings, and employment within the defined region. The Econsult fiscal impact model combines the RIMS II output with U. S. Census Bureau County Business Patterns data to produce estimates of the distribution of additional employment and earnings by county. In addition, the 2000 Census "Journey to Work" data on commuting flows are utilized to estimate income earned by residents of each county within the region, regardless of where they work. The fiscal model can then estimate the increase in earned income taxes by county and for the state as a whole resulting from the new project. For complex cases, like Philadelphia, the model can differentiate between residents and nonresidents and apply the proper wage tax rate. Pennsylvania state business and sales taxes, as well as business taxes in Philadelphia, are estimated based on the most recent data on average sales tax base per employee by major industry, as contained in publications from the Pennsylvania Department of Revenue.

**Figure A.1 – Glossary of Terms for Input-Output Models**

**Multiplier Effect** – the notion that initial outlays have a ripple effect on a local economy, to the extent that direct expenditures lead to indirect and induced expenditures.

**Economic Impacts** – total expenditures, employment, and earnings generated.

**Fiscal Impacts** – local and/or state tax revenues generated.

**Direct Expenditures** – initial outlays usually associated with the project or activity being modeled; examples: one-time upfront construction and related expenditures associated with a new or renovated facility, annual expenditures associated with ongoing facility maintenance and/or operating activity.

**Direct Employment** – the full time equivalent jobs associated with the direct expenditures.

**Direct Earnings** – the salaries and wages earned by employees and contractors as part of the direct expenditures.

**Indirect Expenditures** – indirect and induced outlays resulting from the direct expenditures; examples: vendors increasing production to meet new demand associated with the direct expenditures, workers spending direct earnings on various purchases within the local economy.

**Indirect Employment** – the full time equivalent jobs associated with the indirect expenditures.

**Indirect Earnings** – the salaries and wages earned by employees and contractors as part of the indirect expenditures.

**Total Expenditures** – the sum total of direct expenditures and indirect expenditures.

**Total Employment** – the sum total of direct employment and indirect employment.

**Total Earnings** – the sum total of direct earnings and indirect earnings.

*Source: Econsult Corporation (2009)*

## APPENDIX B – ESTIMATED INDUSTRY DISTRIBUTION OF ECONOMIC IMPACT FROM UPFRONT CONSTRUCTION OF THE PROVENCE

**Table B.1 – Estimated Expenditure Distribution of Economic Impact within the City from Upfront Construction of The Provence**

Rank	Industry	Expenditures	%
1	Construction	\$321	57.5%
2	Professional, scientific, and technical services	\$83	14.9%
3	Real estate and rental and leasing	\$42	7.5%
4	Manufacturing	\$25	4.4%
5	Finance and insurance	\$18	3.2%
	All other industries	\$70	12.4%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table B.2 – Estimated Employment Distribution of Economic Impact within the City from Upfront Construction of The Provence**

Rank	Industry	Employment	%
1	Construction	1,114	56.0%
2	Professional, scientific, and technical services	271	13.6%
3	Retail trade	109	5.5%
4	Accommodation and food services	74	3.7%
5	Health care and social assistance	64	3.2%
	All other industries	358	18.0%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)



**Table B.3 – Estimated Expenditure Distribution of Economic Impact within the Commonwealth from Upfront Construction of The Providence**

Rank	Industry	Expenditures	%
1	Construction	\$324	36.9%
2	Professional, scientific, and technical services	\$124	14.2%
3	Manufacturing	\$102	11.6%
4	Real estate and rental and leasing	\$54	6.2%
5	Retail trade	\$43	4.9%
	All other industries	\$231	26.2%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table B.4 – Estimated Employment Distribution of Economic Impact within the Commonwealth from Upfront Construction of The Providence**

Rank	Industry	Employment	%
1	Construction	2,535	39.5%
2	Professional, scientific, and technical services	712	11.1%
3	Retail trade	603	9.4%
4	Health care and social assistance	443	6.9%
5	Manufacturing	404	6.3%
	All other industries	1,721	26.8%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

## APPENDIX C – CONSERVATIVE ASSUMPTIONS MADE IN ESTIMATING ANNUAL OPERATING EXPENDITURES BY THE PROVINCE

Table C.1 – Additional Detail on Existing Casino Sites within the Commonwealth of Pennsylvania

Casino Name	Casino Location	Casino SF	# Slot Machines	# Tables	# Employees	Payroll	Average Salary
Mohegan Sun	Wilkes-Barre	82,396	2,332	84	1,832	\$47M	\$25,655
Parx	Bensalem	163,476	3,371	168	1,416		
Harrah's	Chester	106,102	2,800	121	1,883		
Presque Isle	Erie	58,938	2,031	53	960		
The Meadows	North Strabane Township	136,344	3,317	80	1,289		
Mount Airy	Mount Pocono	67,746	2,075	72	1,315	\$36M	\$27,376
Hollywood	Grantville	99,536	2,478	70	1,389		
Sands	Bethlehem	143,244	3,024	152	1,910		
Rivers	Pittsburgh	136,594	2,933	116	1,810		
Sugar House	Fishtown, Philadelphia	53,536	1,602	59	1,098		
Valley Forge	King of Prussia	33,222	600	50	1,185		
Average of Existing Casino Sites		98,285	2,415	93	1,462	\$42M	\$26,500
The Province (estimated)	Center City Philadelphia	120,000	3,300	150	1,582	\$49M	\$31,254

Source: Pennsylvania Gaming Control Board (2011), Tower Entertainment (2012), Spectrum Gaming (2012), Econsult Corporation (2012)

**Table C.2 – Conservative Assumptions Made in Estimating Annual Operating Expenditures of The Province**

Use	Casino	Non-Casino	The Province
Estimated # Employees	1,582	918	2,500
Average Annual Salary	\$31,254	\$33,000	
Estimated Total Salaries (\$M)	\$49	\$30	\$79
Salaries as % of Total Expenditures	40%	30%	
<b>Estimated Total Expenditures</b>	<b>\$123</b>	<b>\$102</b>	<b>\$225</b>

Source: Tower Entertainment (2012), US Bureau of Labor Statistics (2011), bizstats.com (2011), Econsult Corporation (2012)

## APPENDIX D – ESTIMATED INDUSTRY DISTRIBUTION OF ECONOMIC IMPACT FROM ONGOING OPERATIONS OF THE PROVINCE

**Table D.1 – Estimated Expenditure Distribution of Economic Impact within the City from Ongoing Operations of The Province**

Rank	Industry	Expenditures	%
1	Arts, entertainment, and recreation	\$121	35.3%
2	Accommodation	\$83	23.6%
3	Real estate and rental and leasing	\$25	7.0%
4	Retail trade	\$19	5.4%
5	Finance and insurance	\$16	4.5%
	All other industries	\$85	24.2%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table D.2 – Estimated Employment Distribution of Economic Impact within the City from Ongoing Operations of The Province**

Rank	Industry	Employment	%
1	Arts, entertainment, and recreation	1,721	57.4%
2	Accommodation	615	20.5%
3	Retail trade	173	5.8%
4	Food services and drinking places	127	4.2%
5	Real estate and rental and leasing	56	1.9%
	All other industries	308	10.3%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table D.3 – Estimated Expenditure Distribution of Economic Impact within the Commonwealth from Ongoing Operations of The Provençe**

Rank	Industry	Expenditures	%
1	Arts, entertainment, and recreation	\$125	27.2%
2	Accommodation	\$83	18.0%
3	Real estate and rental and leasing	\$32	7.0%
4	Manufacturing	\$32	7.0%
5	Retail trade	\$29	6.3%
	All other industries	\$159	34.5%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table D.4 – Estimated Employment Distribution of Economic Impact within the Commonwealth from Ongoing Operations of The Provençe**

Rank	Industry	Employment	%
1	Arts, entertainment, and recreation	1,758	47.7%
2	Accommodation	597	16.2%
3	Retail trade	296	8.0%
4	Food services and drinking places	163	4.4%
5	Health care and social assistance	133	3.6%
	All other industries	736	20.0%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

## APPENDIX E – ADDITIONAL DETAIL ON ANCILLARY SPENDING GENERATED BY THE PROVENCE

According to a market analysis conducted by Spectrum Gaming Group, The Provence will attract about 360,000 visits from tourists who will patronize the casino. Ancillary spending from tourist visits is conservatively excluded from this analysis under the assumption that they do not represent any net new spending within the City and Commonwealth.

The same analysis estimates that The Provence will attract about 5.3 million gaming patron visits per year, from a variety of markets within the broader region. EconSult classified these markets into "day trip" and "out of town," for purposes of assigning per-visit spending amounts. It was conservatively estimated that only half of out-of-town visits involved an overnight stay, that all overnight stays were for only one night, and that there were 2 people per hotel room (see Table E.1).<sup>21</sup>

It was also estimated that 50 percent of spending for both day trip visits and out-of-town visits was captured by The Provence, and therefore only the other 50 percent was considered ancillary spending not already accounted for in figures associated with The Provence's operating expenditures.

Based on national data on spending patterns, it was conservatively assumed that day-trip visits represented \$37 each, out-of-town visits not involving an overnight stay represented \$67 each, and out-of-town visits represented \$250 each. It was also conservatively assumed that half of these amounts were captured within The Provence, and therefore only the other 50 percent was considered ancillary spending not already accounted for in figures associated with The Provence's operating expenditure (see Table E.2). This yields aggregate ancillary spending of about \$127 million per year (see Table E.3).

<sup>21</sup> Therefore, for every two out-of-town visits involving a hotel stay, one visit was treated as including the cost of a hotel, from the standpoint of average spending per visit, while the other visit was treated as the equivalent of an out-of-town visit not involving a hotel stay.

Table E.1 – Estimated Number of Visits to The Province, by Visitor Type

Location	Day Trip	Out-of-Town	No Hotel	Hotel
Philadelphia	4,142,041			
Atlantic City	203,147			
Bethlehem	73,280			
Central NJ	182,428			
Newark NJ		310,354	155,177	155,177
New York City		35,321	17,661	17,661
Reading		216,213	108,107	108,107
York		18,579	9,290	9,290
DelMarVA		74,307	37,154	37,154
Maryland		18,330	9,165	9,165
Harrisburg		17,959	8,980	8,980
Poconos		13,161	6,581	6,581
Total Visits	4,600,896	704,224	352,112	352,112
Nights/Visit				1
Guests/Room				2
Total Rooms				176,056
Distribution by Type	4,600,896	704,224	528,168	176,056

Spectrum Gaming Group (2012), Econsult Corporation (2012)

Table E.2 – Estimated Ancillary Spending per Visit for The Provence, by Visitor Type

Expenditure Category	Day Trip	Out-of-Town, No Hotel Stay	Out-of-Town, Hotel Stay
Transportation	\$8	\$15	\$23
Accommodations			\$153
Food	\$22	\$44	\$66
Other	\$8	\$8	\$8
<b>Total Ancillary Spending</b>	<b>\$38</b>	<b>\$67</b>	<b>\$250</b>
<b>Total Ancillary Spending Excluding That Which is Captured by The Provence</b>	<b>\$19</b>	<b>\$34</b>	<b>\$125</b>

*Spectrum Gaming Group (2012), US General Service Administration (2009), US Bureau of Labor Statistics (2009), Greater Philadelphia Cultural Alliance (2007), Econsult Corporation (2012)*

Table E.3 – Estimated Aggregate Ancillary Spending per Year for The Provence

	Day Trip	Out-of-Town, No Hotel Stay	Out-of-Town, Hotel Stay	Total
# Visits	4,600,896	704,224	352,112	5,305,120
Ancillary Spending per Visit	\$19	\$34	\$125	
<b>Aggregate Ancillary Spending (\$M)</b>	<b>\$87</b>	<b>\$18</b>	<b>\$22</b>	<b>\$127</b>

*Spectrum Gaming Group (2012), US General Service Administration (2009), US Bureau of Labor Statistics (2009), Greater Philadelphia Cultural Alliance (2007), Econsult Corporation (2012)*



## APPENDIX F – ESTIMATED INDUSTRY DISTRIBUTION OF ECONOMIC IMPACT FROM ANCILLARY SPENDING ATTRACTED BY THE PROVENCE

**Table F.1 – Estimated Expenditure Distribution of Economic Impact within the City from Ancillary Spending Attracted by The Provence**

Rank	Industry	Expenditures	%
1	Accommodation and food services	\$85	41.6%
2	Transportation and warehousing	\$28	13.6%
3	Arts, entertainment, and recreation	\$22	10.8%
4	Real estate and rental and leasing	\$14	6.8%
5	Manufacturing	\$9	4.6%
	All other industries	\$46	22.6%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table F.2 – Estimated Employment Distribution of Economic Impact within the City from Ancillary Spending Attracted by The Provence**

Rank	Industry	Employment	%
1	Accommodation and food services	1,327	58.4%
2	Transportation and warehousing	409	18.0%
3	Arts, entertainment, and recreation	288	12.7%
4	Health care and social assistance	37	1.6%
5	Retail trade	29	1.3%
	All other industries	184	8.1%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table F.3 – Estimated Expenditure Distribution of Economic Impact within the Commonwealth from Ancillary Spending Attracted by The Provenche**

Rank	Industry	Expenditures	%
1	Accommodation and food services	\$87	30.3%
2	Transportation and warehousing	\$32	11.1%
3	Manufacturing	\$31	11.0%
4	Arts, entertainment, and recreation	\$23	7.9%
5	Real estate and rental and leasing	\$20	6.8%
	All other industries	\$94	32.8%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

**Table F.4 – Estimated Employment Distribution of Economic Impact within the Commonwealth from Ancillary Spending Attracted by The Provenche**

Rank	Industry	Employment	%
1	Accommodation and food services	1,881	46.1%
2	Transportation and warehousing	686	16.8%
3	Arts, entertainment, and recreation	476	11.7%
4	Retail trade	167	4.1%
5	Health care and social assistance	157	3.8%
	All other industries	713	17.5%

Source: US Department of Commerce (2009), Tower Entertainment (2012), Econsult Corporation (2012)

## APPENDIX G – ADDITIONAL DETAIL ON THE FISCAL IMPACT FROM GROSS GAMING REVENUE TO THE CITY OF PHILADELPHIA AND THE COMMONWEALTH OF PENNSYLVANIA FROM THE PROVINCE

**Table G.1 – Estimated Annual State Gaming Tax Revenues to the Commonwealth of Pennsylvania from The Province (in \$M)**

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Slots Revenues	\$258.8	\$296.2	\$305.5	\$313.2	\$320.2
State Tax (34%)	\$88.0	\$100.7	\$103.9	\$106.5	\$108.9
Economic Development and Tourism Fund (5%)	\$12.9	\$14.8	\$15.3	\$15.7	\$16.0
Race Horse Development Fund (12%)	\$29.2	\$33.5	\$34.5	\$35.4	\$36.2
PA Gaming Control Board Tax (1.5%)	\$3.9	\$4.4	\$4.6	\$4.7	\$4.8
Gross Table Gaming Revenues	\$116.3	\$127.0	\$130.9	\$134.2	\$137.2
PA Budget General Fund (14% in Yrs. 1 and 2, 12% after)	\$16.3	\$17.8	\$15.7	\$16.1	\$16.5
PA Automated Table Games Tax <sup>22</sup>	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
PA Gaming Control Board Tax (1.5%)	\$1.7	\$1.9	\$2.0	\$2.0	\$2.1
Total State Gaming Revenues	\$152.9	\$173.9	\$176.7	\$181.1	\$185.2

Source: Spectrum Gaming Group (2012), Gaming Control Board (2012)

<sup>22</sup> This tax is applied at 48 percent for the first two years and 46 percent thereafter to all unstaffed automated electronic table games.

**Table G.2 – Estimated Annual Local Gaming Tax Revenues to the City of Philadelphia from The Province (in \$M)**

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Slots Revenues	\$258.8	\$296.2	\$305.5	\$313.2	\$320.2
Local Taxes (4%)	\$10.4	\$11.8	\$12.2	\$12.5	\$12.8
Gross Table Gaming Revenues	\$116.3	\$127.0	\$130.9	\$134.2	\$137.2
Local Taxes (2%)	\$2.3	\$2.5	\$2.6	\$2.7	\$2.7
<b>Total Local Gaming Revenues</b>	<b>\$12.7</b>	<b>\$14.3</b>	<b>\$14.8</b>	<b>\$15.2</b>	<b>\$15.6</b>

Source: Spectrum Gaming Group (2012), Gaming Control Board (2012)

## APPENDIX H – CONSERVATIVE ASSUMPTIONS MADE IN ESTIMATING ANNUAL OPERATING EXPENDITURES BY NEARBY COMMERCIAL DEVELOPMENTS INDUCED BY THE PROVENCE

Table H.1 – Conservative Assumptions Made in Estimating Annual Operating Expenditures of Nearby Commercial Developments Induced by The Provence

Use	Residential	Retail	Office	Total
SF	1,500,000	200,000	800,000	2,500,000
Employee/1000SF		1.50	3.00	
(Range from Lit Review)		1.0-2.0	2.6-3.3	
Estimated # Employees		300	2,400	2,700
Average Annual Salary		\$20,000	\$50,000	
(From US BLS / CCD)		\$25,166	\$58,210	
Estimated Total Salaries (\$M)		\$6	\$120	\$126
Salaries as % of Total Expenditures		20%	60%	
(From bizstats.com)		10%	30%	
Estimated Total Expenditures		\$28	\$184	\$212

Source: Tower Entertainment (2012), US Bureau of Labor Statistics (2011), bizstats.com (2011), Econsult Corporation (2012)

## APPENDIX I – ADDITIONAL DETAIL ON THE FISCAL IMPACT FROM NEW RESIDENTS AND WAGE EARNERS RESULTING FROM NEARBY RESIDENTIAL DEVELOPMENTS INDUCED BY THE PROVENCE

**Table I.1 – Estimated Distribution of Residential Units and Resulting Residents and Wage Earners Living in Nearby Residential Developments Induced by The Provence**

Type	# Units	Residents/Unit	# Residents	Wage Earners/Unit	# Wage Earners
1-2BR	500	2	1,000	1	500
3-4BR	500	3	1,500	2	1,000
<b>Total</b>	<b>1,000</b>		<b>2,500</b>		<b>1,500</b>

Source: Tower Entertainment (2012), Econsult Corporation (2012)

**Table I.2 – Estimated Residents and Wage Earners Living in Nearby Residential Developments Induced by The Provence That Are New to the City of Philadelphia and the Commonwealth of Pennsylvania<sup>23</sup>**

	#/%	City	Commonwealth
# Residents	2,500		
% New to City/Commonwealth		40%	20%
# New to City/Commonwealth		1,000	500
	#/%	City	Commonwealth
# Wage Earners	1,500		
% New to City/Commonwealth		20%	10%
# New to City/Commonwealth		300	150

Source: Tower Entertainment (2012), Econsult Corporation (2012)

<sup>23</sup> It is assumed that the vast majority of residents and wage earners are not new to the City or the Commonwealth.

**Table I.3 – Estimated Wage and Income Tax Revenues from Residents and Wage Earners Living in Nearby Residential Developments Induced by The Provenge That Are New to the City of Philadelphia and the Commonwealth of Pennsylvania<sup>24</sup>**

	#/%	City	Commonwealth
New Wage Earners		300	150
Average Salary	\$50,000		
Aggregate Salary (\$M)		\$15	\$7.5
Income Tax Rate		3.93%	3.07%
New Income Tax Revenue (\$000)		\$590	\$230

Source: Tower Entertainment (2012), Econsult Corporation (2012)

**Table I.4 – Estimated Sales Tax Revenues from Residents and Wage Earners Living in Nearby Residential Developments Induced by The Provenge That Are New to the City of Philadelphia and the Commonwealth of Pennsylvania<sup>25</sup>**

	#/%	City	Commonwealth
Aggregate Salary (\$M)		\$15	\$7.5
% Spent on Sales Taxable Items	10%		
Sales Taxable Amount (\$M)		\$1.5	\$0.75
Sales Tax Rate		2%	6%
New Sales Tax Revenue (\$000)		\$30	\$45

Source: Tower Entertainment (2012), Econsult Corporation (2012)

<sup>24</sup> A relatively low average annual salary is conservatively assumed.

<sup>25</sup> A relatively low proportion of sales taxable purchases is conservatively assumed.

## APPENDIX J – ADDITIONAL DETAIL ON THE LABOR DEMANDED BY THE PROVENCE AND SUPPLIED BY IMMEDIATE NEIGHBORHOOD RESIDENTS

### J.1 Labor Demanded by Upfront Construction

It is estimated that upfront construction of The Provence will support a total of 3,700 jobs for City residents, and that about 2,500 of those jobs are directly associated with upfront construction of The Provence (the remainder representing jobs supported by the spillover activity generated by upfront construction of The Provence). These 2,300 direct construction jobs were apportioned into the educational attainment levels required to fulfill them by assuming that they were of the same proportion as that of NAICS Code 23 (Construction) and NAICS Code 54 (Professional, Scientific, and Technical Services). This yields an estimate of 1,962 "A" jobs, 419 "B" jobs, and 74 "C" jobs (see Table J.1).

**Table J.1 – Estimate of the Distribution by Educational Attainment Level of Jobs Represented by the Upfront Construction of The Provence**

Job Level	Upfront Construction Jobs
"A"	1,962
"B"	419
"C"	74
<b>Total Jobs Demanded</b>	<b>2,455</b>

*Source: EMSI (2012), US Department of Labor Bureau of Labor Statistics (2010), Econsult Corporation (2012)*

### J.2 Labor Demanded by Ongoing Operations

It is estimated that ongoing operations of The Provence will support a total of 3,300 jobs for City residents, and that about 2,500 of those jobs are directly associated with ongoing operations of The Provence (the remainder representing jobs supported by the spillover activity generated by ongoing operations of The Provence). These 2,500 direct operations jobs were apportioned into the educational attainment levels required to fulfill them by assuming that jobs associated with food services, accommodation, gambling, and retail were of the same proportion as that of NAICS Code 71 (Arts, Entertainment, and Recreation), NAICS Codes 44 and



45 (Retail Trade), and NAICS Code 72 (Accommodations and Food Services). This yields an estimate of **1,943 "A" jobs, 299 "B" jobs, and 258 "C" jobs** (see Table J.2).

**Table J.2 – Estimate of the Distribution by Educational Attainment Level of Full-Time Equivalent Jobs Represented by the Ongoing Operations of The Provence**

Job Level	Ongoing Operations Jobs
"A"	1,943
"B"	299
"C"	258
<b>Total Jobs Demanded</b>	<b>2,500</b>

*Source: EMSI (2012), US Department of Labor Bureau of Labor Statistics (2010), Econsult Corporation (2012)*

### **J.3 Labor Supplied by Ongoing Operations**

Residents of The Provence's immediate neighborhood who are of working age were classified by their educational attainment levels, using 2010 Census data. This yields an estimate of about 6,100 residents of working age who can perform "A" jobs, about 1,700 residents of working age who can perform "B" jobs, and about 1,600 residents of working age who can perform "C" jobs (see Table J.3).

**Table J.3 – Estimated Number of Residents within The Provence's Immediate Neighborhood who are Qualified for "A," "B," and "C" Jobs**

Highest Educational Attainment Level	The Provence
1. Population 25 and over	9,406
2. Less than High School	2,271
3. High School or Associate's degree	3,830
4. Bachelor's degree	1,674
5. Graduate or professional degree	1,631
Job Level (Number of Persons)	The Provence
"A" (#2 plus #3)	6,101
"B" (#4)	1,674
"C" (#5)	1,631

Source: US Census Bureau (2010), Econsult Corporation (2012)

## DIVERSITY PLAN - 2013

### 1. Introduction

Isle Philadelphia Manager, LLC and Isle of Capri Casinos, Inc. support diversity and inclusion as core business strategies to achieve success. It is our intent to subscribe to a proactive and comprehensive plan that establishes and maintains a diverse staff. Isle Philadelphia Manager, LLC's management believes that increased diversity will afford us a richer set of perspectives and approaches to our business. We are committed to a policy that embraces diversity and targets achieving the following goals:

- Hiring, retaining and continuously developing talent at all levels of the company that mirrors the Philadelphia region in regards to ethnic and cultural diversity.
- Supporting the local economy through purchasing goods and services from a diversified group of vendors, contractors and professional service providers and minority and women owned businesses, when compared to the Philadelphia area.

We are committed to developing a marketing strategy with programs that target all ethnicities as potential patrons. We will be an equal opportunity employer and promote diversity where employment practices are concerned. The Director of Human Resources shares responsibility with Isle of Capri Corporate Human Resource team to ensure execution of this diversity plan, creating reports to benchmark progress, administering policies and deploying new diversity initiatives as part of continuous improvement.

We will ensure equal employment opportunity for all persons, regardless of race, color, religion, gender, age, sexual orientation, national origin and citizenship status, veteran's status, non-job related disability, or other bias prohibited by applicable law. This diversity plan also applies to contractors, subcontractors, assignees, lessees, agents, vendors and suppliers. Commitment to this diversity plan is shared by all members of the executive team of Isle Philadelphia Manager, LLC and includes the following actions:

- Proactively addressing any issues of diversity with our employees, vendors, patrons and the community by being grounded in accountability and ownership. We believe our employees and business partners share in the responsibility of upholding our standards and we offer a confidential reporting option available 24

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hours a day, 7 days a week on our company website or for our employees by calling 1-888-ISLEACT (475-3228);

- Engaging in frequent communications with our employees, patrons, and the community in regards to our commitment to diversity and other notes of celebration and interest via our Isle of Capri company (quarterly) newsletter;
- Making best efforts to actively solicit a diverse group of employees, contractors, subcontractors, assignees, lessees, agents, vendors and suppliers;
- Ensuring that strategic initiatives are developed and executed surrounding diversity in our entire operation. This will be accomplished and owned by our Diversity Committee; and
- Embracing and supporting diversity in the entirety of the organization by periodically garnering key insights and recommendations by the Diversity Officer of the PGCB.

## 2. Diversity Statements

Isle Philadelphia Manager, LLC is an equal employment opportunity employer. We are committed to the belief that diversity in our workforce is essential to our current and future success.

The Company has an equally strong policy and commitment to minority and women-owned business development, through the use of minority and women vendors, suppliers, service trades, and construction contractors. The Isle Philadelphia Manager, LLC Diversity Plan is comprised of the following:

- A Diversity Committee;
- Ongoing Community Involvement;
- Recruitment and Employment Initiatives;
- Solicitation and engagement of MBE/WBE Vendors/ Contractors/ Suppliers;
- Marketing Promotions and Programs;
- Training Programs;

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- Complaint Procedures;
- Ownership Commitment;
- Periodic Review of Policies and Programs; and
- Ongoing and Continuous Improvement Strategies.

### **3. Diversity Committee**

A diversity committee will be established when the property becomes operational. It will encompass various operational departments to capture a variety of employee segments. The committee will discuss current policy, program and statistics, as well as continual improvement initiatives, including:

- Changes in the workforce needed to help meet business priorities;
- Changes in the work environment that ensure a robust understanding and awareness of our commitment to diversity at all levels of the organization; and
- A planned internal and external communications agenda to inform, engage and manage expectations of diverse groups of stakeholders.

The committee will also determine regional organizations/companies that can assist with these various diversity efforts. All areas of the diversity program will be reviewed and discussed on a quarterly basis and the committee will provide meeting notes and make recommendations to upper management. The Internal Audit department will also conduct audits of the efforts and progress of the committee.

### **4. Community Involvement**

Isle Philadelphia Manager, LLC will ensure that diversity is respected and encouraged throughout the organization and will be active participants in the community through our company's, Community Aces programs and will engage in other outreach efforts. Isle Philadelphia Manager, LLC will establish and foster relationships with various local educational institutions, local and diversity targeted career websites, and other local Chambers of Commerce, and other organizations to assist with our diversity efforts.

Isle Philadelphia Manager, LLC will also make donations when possible to local civic and charitable causes. An attempt will be made to ensure that a portion of these donations are dedicated to supporting minority and women based organizations.

## 5. Recruitment & Employment

We are committed to recruiting, retaining and developing the best employees regardless of race, color, religion, sex, age, disability, national origin, sexual orientation or veteran status. Isle Philadelphia Manager, LLC will comply with the Equal Employment Opportunity Act and will adhere to policies consistent with the Act that apply to all employment practices including recruitment, hiring, evaluation, promotion, transfer, discipline and termination, as well as forms of employee compensation. The Director of Human Resources will be designated as the property's Equal Employment Opportunity Coordinator.

Recruiting tools that are utilized to help ensure a diverse workforce include promoting from within, employee referrals, advertising in targeted and local newspapers and other printed publications, posting open job positions on the company website and working with local organizations, placement services, city and state occupational skill centers and chambers of commerce to attract a diverse group of applicants.

### Recruitment

- We will utilize trade schools, vocational centers and employment agencies that specialize in training and assistance to minorities, females, and disabled and economically disadvantaged persons to help attain our diversity goals.
- Publications will be utilized that reach out to the local community regarding job opportunities.
- We will utilize civic groups and community organizations that are representative of diverse constituencies to assist in communicating employment opportunities in the local community.
- When utilizing websites for recruitment for Isle Philadelphia Manager, LLC, we will target diversity and when necessary, subscribe to websites such as:
  - [diversityjobsusa.com](http://diversityjobsusa.com);
  - [diversityclassifieds.com](http://diversityclassifieds.com);
  - [casinocareers.com](http://casinocareers.com);
  - [careerbuilder.com](http://careerbuilder.com); and
  - [diversity.jobs.careercast.com](http://diversity.jobs.careercast.com).

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- We will partner with local organizations that train and secure employment for individuals with disabilities.
- Isle Philadelphia Manager, LLC will participate in programs developed by civic organizations, minority groups, women's organizations, minority groups, community agencies, community leaders, and local schools and colleges.

### **Employment**

- Job descriptions will be carefully written to not include restrictive and unnecessary minimum requirements that might restrict our ability to employ ethnic minorities and the disabled.
- We will provide a workforce that represents the diversity that exists in the general population of the Philadelphia communities.
- We will continuously implement strategies to increase the diversity within our staff. We will accomplish this by making training and educational development opportunities available to our current employees, so that high-performing employees who are either women or ethnic minorities can qualify to be candidates with the intent of assuming positions of increasing responsibility, including management.
- We will complete and provide a Workforce, Job Group, Availability and Utilization Analysis that details the diversity in our employment.
- We will schedule annual talent reviews and other succession planning initiatives for management level to ensure that everyone has the opportunity to develop, grow and advance their careers.
- We will keep the lines of communication open with employees through email, meetings, board postings, periodic employee newsletters and an electronic media service notification system.

## **6. Dissemination of Diversity Policy**

Isle Philadelphia Manager, LLC ensures that all are aware of their stance where it concerns being an Equal Employment Opportunity employer (EEO) and diversity through various mechanisms, including internal distribution methods.

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The diversity plan will be distributed as a part of our new hire orientation process. The topic of diversity is also covered in our employee handbook and is explained as a part of the new hire process as well.

The Director of Human Resources will review the diversity plan annually and update as is needed. Also, communications will take place with the department managers and supervisors if there is a case of underutilization, with the formulation and deployment of a comprehensive correction strategy.

When we have employees highlighted in our Company newsletter, via social media or any other venue, we will make best efforts to include women, minorities and individuals with disabilities.

### 7. Construction

The development of programs for inclusion of minority businesses and other diverse groups in the construction process for Isle Philadelphia Manager, LLC is an important initiative for both the local minority community and the casino project.

Isle Philadelphia Manager, LLC strongly believes a proactive approach towards minority participation during construction in the long term develops into beneficial relationships, which can extend to future construction projects.

#### Good Faith Plan for Minority Construction Participation

- Isle Philadelphia Manager, LLC will select ("Contractor") to construct Philadelphia casino. The Contractor will have a long history of successful casino projects in Pennsylvania and knowledge of the Good Faith requirements for Minority Participation; coupled with a knowledgeable staff to encourage MBE and WBE participation made them the ideal contractor to construct the project.
- Reaching out to minority and diverse companies and organizations in the areas surrounding Philadelphia is a priority. Due to the location it is important that minority contractors in Philadelphia area are made aware of the opportunity to participate in the construction project.
- Isle Philadelphia Manager, LLC's diversity consultant will work with the Contractor in reaching out to minority organizations identified as leaders in Pennsylvania to solicit their input to increase minority participation.



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- Isle Philadelphia Manager, LLC, its Contractor and diversity consultant through the duration of the project will:
  - Continue solicitation of minority and other diverse contractors and vendors;
  - Identify qualified minority and diverse contractors and suppliers;
  - Develop ongoing positive relationships with the minority community; and
  - Implement a reporting process designed to ensure, minority and diverse contractors and suppliers are being properly documented and reported.

Isle Philadelphia Manager, LLC's goal is to staff the construction project with MBE, WBE and diverse contractors in a number, which is reasonably reflective of the local community.

### **8. Vendors and Suppliers**

Isle Philadelphia Manager, LLC will promote the procurement of goods and services from a number of qualified companies that are owned by women and ethnic minorities.

Isle Philadelphia Manager, LLC will utilize the Pennsylvania Gaming Control Board's list of minority and women's businesses to ensure awareness of potential vendor partnerships, as well as make efforts to:

- Network with ethnic chamber of commerce and civic organizations to help recruit qualified vendors;
- Utilize niche media to help attract qualified vendors; and
- Utilize public information that lists businesses owned by women and ethnic minorities.

### **9. Marketing and Entertainment**

Isle Philadelphia Manager, LLC will include strategies that market to ethnic minorities and niche groups to patronize the casino complex. Such efforts will include:

- Radio advertising;

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- Advertising in targeted ethnic publications; and
- Ethnic entertainment events, promotions and other forms of special events.

### **10. Diversity Awareness Training Program**

The objective of the diversity awareness training program is to employ a staff that is cognizant of the needs of its fellow employees and the diverse customer base that patronizes Isle Philadelphia Manager, LLC. Our training efforts will be designed to ensure that all employees are aware of diversity issues, and have an understanding of ethnic changes in the workplace. In order to provide the very best customer service, it is necessary for our employees to understand the importance of appreciating peoples' differences, so that stereotypes and prejudices may be overcome.

We will have a zero tolerance policy towards discrimination of women, ethnic minorities and persons with disabilities. Also, any complaint of discrimination will be investigated to the fullest extent by the property's Director of Human Resources. All employees will be required to complete the diversity awareness training program during employee orientation. The Human Resources Department will continue to setup diversity and harassment training annually.

### **11. Diversity Training for Managers**

In addition to the orientation diversity training class, Department heads, managers and supervisors will be required to attend diversity management training conducted by the Director of Human Resources, with involvement by the General Manager and other property executive team leaders.

Topics presented in the class will be the diversity mission statement, the definition of diversity, the importance of diversity, cultural and racial sensitivity, stereotypes and personal awareness activities. These classes will provide our teams with the tools on how to promote diversity throughout their respective departments. Isle Philadelphia Manager, LLC will focus on meeting with all levels of property management, as well as Isle of Capri corporate leadership to expose all facets of the Isle Philadelphia Manager, LLC Diversity plan and how they can utilize it on a day to day basis.

## **12. Ownership Commitment**

The Isle Philadelphia Manager, LLC diversity plan will only prosper with senior management commitment to diversity throughout the company. Therefore, the executive leadership of Isle Philadelphia Manager, LLC will be committed to ensuring the success of diversity within the company.

## **13. Periodic Performance & Program Review**

The Diversity Committee will conduct quarterly review meetings to ensure compliance with all aspects of Isle Philadelphia Manager, LLC diversity program. The review will assess the overall effectiveness of the program, centered on the diversity of employees, contractors, vendors and suppliers. The diversity initiatives for the next period will be presented by the Isle Philadelphia Manager, LLC management. In addition, to comply with The Pennsylvania Gaming Control Board's Regulation 481.5. (Reports of Participation), annually, Isle Philadelphia Manager, LLC will file a report with the Board concerning the performance of our diversity plan. Isle Philadelphia Manager, LLC will maintain records and databases of the following information:

- Employment data, including information on minority and women representation in the workforce in all job classifications; salary information; and recruitment and training information, including executive and managerial level recruitment and training; and retention and outreach efforts;
- The total number and value of all contracts or transactions awarded for goods and services;
- The total number and value of all contracts or transactions awarded to minority and women's business enterprises;
- The total number and value of all contracts awarded that contain a participation plan;
- The total number and value of all subcontracts to be awarded to minority and women's business enterprises under contracts containing participation plan;
- An identification of each subcontract actually awarded to a minority or women's business enterprise under contracts containing a participation plan during each calendar quarter and the actual value of each such subcontract;

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- An identification of each contract or transaction awarded to a minority or women's business enterprise;
- A comprehensive description of all efforts made by the licensed entity or applicant to monitor and enforce the participation plan;
- Information on minority and women investment, equity ownership, and other ownership or management opportunities initiated or promoted by Isle Philadelphia Manager, LLC; and
- Other information deemed necessary by the Board to ensure compliance with the act and the diversity requirements 481.1 - 481.5.

### **14. Diversity Online**

Isle Philadelphia Manager, LLC understands that continuing success in diversifying the employee, vendor and supplier-base is contingent upon the company's ability to identify greater numbers of quality and diverse people and companies. Isle Philadelphia Manager, LLC maintains a website [www.islecorp.com](http://www.islecorp.com) that will allow potential employees, as well as minority and women-owned business to obtain information on employment and vendor opportunities with Isle Philadelphia Manager, LLC.

### **15. Continuous Improvement & Industry Best Practices**

Isle Philadelphia Manager, LLC intends to continually look for ways to improve existing operations and to ensure that industry best practices are utilized whenever possible.

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**APPENDIX 38 (4)**

AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED. PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:

(4) THE APPLICANT'S GOOD FAITH PLAN FOR ENHANCING THE REPRESENTATION OF DIVERSE GROUPS IN THE OPERATION OF ITS FACILITY THROUGH THE OWNERSHIP AND OPERATION OF BUSINESS ENTERPRISES ASSOCIATED WITH OR UTILIZED BY ITS FACILITY OR THROUGH THE PROVISION OF GOODS OR SERVICES UTILIZED BY ITS FACILITY AND THROUGH THE PARTICIPATION IN THE OWNERSHIP OF THE APPLICANT. PROVIDE SPECIFIC INFORMATION REGARDING THE DIVERSITY IN OWNERSHIP OF THE APPLICANT, I.E. MINORITIES, WOMEN;

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*See response to Appendix 38(3) above.*

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**APPENDIX 38 (5)**

AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED, PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:

(5) THE APPLICANT'S GOOD FAITH EFFORT TO ASSURE THAT ALL PERSONS ARE ACCORDED EQUALITY OF OPPORTUNITY IN EMPLOYMENT AND CONTRACTING BY IT AND ANY CONTRACTORS, SUBCONTRACTORS, ASSIGNEES, LESSEES, AGENTS, VENDORS AND SUPPLIERS IT MAY EMPLOY DIRECTLY OR INDIRECTLY;

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*See response to Appendix 38(3) above.*

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**APPENDIX 38 (6)**

AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED, PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:

**(6) THE HISTORY AND SUCCESS OF THE APPLICANT IN DEVELOPING TOURISM FACILITIES  
ANCILLARY TO GAMING DEVELOPMENT, IF APPLICABLE TO THE APPLICANT;**

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As documented in the Econsult Corporation's *The Economic and Fiscal Impact of Tower Investments' Developments in Philadelphia's Northern Liberties Neighborhood* (See Appendix 26), Mr. Blatstein has extensive experience and success with developing mixed-use facilities ancillary to gaming.

In addition, please see Appendix 38(6) of the Application and Disclosure Information Form submitted for the Isle Philadelphia Manager, LLC – Tower Entertainment, LLC's management company – for a description of Isle Philadelphia Manager, LLC's global experience in developing tourism facilities ancillary to gaming.

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## APPENDIX 38 (7)

AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED. PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:

(7) THE DEGREE TO WHICH THE APPLICANT PRESENTS A PLAN FOR THE PROJECT WHICH WILL LIKELY LEAD TO THE CREATION OF QUALITY, LIVING-WAGE JOBS AND FULL-TIME PERMANENT JOBS FOR RESIDENTS OF THIS COMMONWEALTH GENERALLY AND FOR RESIDENTS OF THE HOST POLITICAL SUBDIVISION IN PARTICULAR:

As documented in the Econsult Corporation's *The Potential Economic And Fiscal Impacts Of The Provence* ("Econsult Report") (See Appendix 38(2)), *The Provence* will deliver significant tax revenues for the City of Philadelphia and the Commonwealth of Pennsylvania.

- The gaming amenity alone will generate more than \$900,000,000 in gaming tax revenue for the City and Commonwealth over the first five years of operations, as detailed below:

### Slot Machine and Table Game Tax Revenue<sup>3</sup>

Year	State Gaming Fund & Property Tax Relief	City's Host Fees	State Racing Development Assessment	State Economic Development Assessment	State General Fund Revenue <sup>4</sup>
2015	\$88,002,360	\$12,678,942	\$31,059,657	\$12,941,524	\$16,280,062
2016	\$100,719,424	\$14,388,489	\$35,548,032	\$14,811,680	\$17,774,016
2017	\$103,884,532	\$14,840,647	\$36,665,129	\$15,277,137	\$15,713,627
2018	\$106,481,645	\$15,211,664	\$37,581,757	\$15,659,065	\$16,106,467
2019	\$108,877,482	\$15,553,926	\$38,427,347	\$16,011,394	\$16,468,863
Total	\$507,965,444	\$72,673,668	\$179,281,921	\$74,700,801	\$82,343,034

Source: Spectrum Gaming Group; Econsult Report, pp.13-14 (Table 5.1) and A-15 (Appendix G)

- The ongoing operations at *The Provence* will directly or indirectly generate almost \$17,000,000 annually in non-gaming tax revenue for the City and the Commonwealth, as detailed below:

	City of Philadelphia		Commonwealth of Pennsylvania
Wage and Earnings	\$4,200,000	Personal Income	\$2,800,000
Sales, Use, and Hotel	\$1,300,000	Sales, Use, and Hotel	\$6,600,000
Business Privilege	\$1,200,000	Corporate Net Income	\$700,000
Total Per Year	\$6,700,000	Total Per Year	\$10,100,000

Source: Econsult Report, p. 16 (Table 5.3)

<sup>3</sup> Revenue projections were developed by Tower's gaming market expert, Spectrum Gaming Group.  
<sup>4</sup> The "General Fund Revenue" detailed above is paid to the Commonwealth's General Fund and is based on a 14% tax rate of the proposed casino's table game revenue for the first two years of operation and a 12% tax rate thereafter.



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- *The Provence* will also generate additional ancillary spending within the City and Commonwealth that would not otherwise be spent. This ancillary spending will directly or indirectly generate approximately \$11,500,000 in additional non-gaming tax revenue for the City and the Commonwealth, as detailed below:

	City of <u>Philadelphia</u>		Commonwealth <u>of Pennsylvania</u>
Wage and Earnings	\$1,400,000	Personal Income	\$2,600,000
Sales, Use, and Hotel	\$700,000	Sales, Use, and Hotel	\$4,200,000
Business Privilege	\$700,000	Corporate Net Income	\$2,000,000
<i>Total Per Year</i>	<i>\$2,800,000</i>	<i>Total Per Year</i>	<i>\$8,800,000</i>

Source: Econsult Report, p. 16 (Table 5.4)

- The upfront construction of *The Provence*, a 1.25 million square foot urban resort complex, will generate an additional one-time infusion of \$19,500,000 in non-gaming tax revenue for the City and the Commonwealth, as detailed below:

	City of <u>Philadelphia</u>		Commonwealth <u>of Pennsylvania</u>
Wage and Earnings	\$3,400,000	Personal Income	\$5,000,000
Sales, Use, and Hotel	\$600,000	Sales, Use, and Hotel	\$8,600,000
Business Privilege	\$900,000	Corporate Net Income	\$1,000,000
<i>One-Time Total</i>	<i>\$4,900,000</i>	<i>One-Time Total</i>	<i>\$14,600,000</i>

Source: Econsult Report, p. 15 (Table 5.2)

The Econsult Report also documents the substantial permanent job growth and temporary construction-related jobs generated by *The Provence* within the City and the Commonwealth.

- There will be an estimated 2,500 employment positions created to operate *The Provence* upon opening. Econsult Report, p.8.
- The ongoing operations at *The Provence* will generate in total approximately 3,000 permanent employment positions within the City (almost 3,700 permanent employment positions within the Commonwealth). Econsult Report, p.8-9 (Table 3.1).
- The ancillary spending generated by *The Provence* within the City and Commonwealth that would not otherwise be spent will spur additional job creation. The Econsult Report determines that this ancillary spending will generate approximately 2,300 permanent employment positions within the City (almost 4,100 permanent employment positions within the Commonwealth). Econsult Report, p. 11 (Table 4.1).
- The upfront construction of *The Provence* will further generate almost 2,000 temporary jobs within the City (more than 6,400 temporary jobs within the Commonwealth) during the construction phase of the new complex. Econsult Report, p. 6 (Table 2.1).

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The Econsult Report further concludes that *The Provence* will serve as the catalyst for an additional 2-3 million square feet of new commercial and residential real estate development within a half (1/2) mile radius around *The Provence*, delivering even more benefits for the City and the Commonwealth, including:

- Real estate development investment of approximately \$1 billion along North Broad Street and the northern edge of Center City (Econsult Report, p.19);
- An additional \$9,400,000 annually in non-gaming tax revenue for the City and the Commonwealth, as detailed below:

	City of Philadelphia		Commonwealth of Pennsylvania
Wage and Earnings	\$1,800,000	Personal Income	\$2,200,000
Sales, Use, and Hotel	\$900,000	Sales, Use, and Hotel	\$3,200,000
Business Privilege	\$600,000	Corporate Net Income	\$700,000
<i>Total Per Year</i>	<i>\$3,300,000</i>	<i>Total Per Year</i>	<i>\$6,100,000</i>

Source: Econsult Report, p.22 (Table 6.5)

- An additional one-time infusion of \$68 million in non-gaming tax revenue for the City and the Commonwealth from the upfront construction of the additional commercial and residential development, as detailed below:

	City of Philadelphia		Commonwealth of Pennsylvania
Wage and Earnings	\$8,700,000	Personal Income	\$24,700,000
Sales, Use, and Hotel	\$2,000,000	Sales, Use, and Hotel	\$22,300,000
Business Privilege	\$4,300,000	Corporate Net Income	\$6,000,000
<i>One-Time Total</i>	<i>\$15,000,000</i>	<i>One-Time Total</i>	<i>\$53,000,000</i>

Source: Econsult Report, p. 22 (Table 6.4)

- Additional permanent job creation of approximately 1,700 permanent employment positions within the City (more than 2,150 permanent employment positions within the Commonwealth) from the ongoing operations of the new commercial real estate development (Econsult Report, p. 21 (Table 6.3)); and
- Additional temporary job creation of more than 6,100 temporary jobs within the City (approximately 20,100 temporary jobs within the Commonwealth) from the upfront construction of the additional commercial and residential development (Econsult Report, p.20 (Table 6.1)).

*The Provence* will deliver significant additional benefits for the City, including:

- A goal to fill 1,000 temporary construction jobs and 1,000 permanent employment positions within the immediate neighborhood of *The Provence*;

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- Enhancement of the City's tourism and conventioner marketing efforts by adding a new and exciting mixed-use entertainment option and a 125-key hotel two blocks away from the Convention Center and Center City attractions; and
- A goal to utilize local suppliers and vendors in the construction, procurement of fixtures and operation of the development.

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### APPENDIX 38 (8)

AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED. PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:

(8) THE RECORD OF THE APPLICANT AND ITS DEVELOPER IN MEETING COMMITMENTS TO LOCAL AGENCIES, COMMUNITY-BASED ORGANIZATIONS AND EMPLOYEES IN OTHER LOCATIONS:

Bart Blatstein, the President and Principal of Tower Entertainment, LLC, has more than 30 years of experience in real estate development in the Philadelphia area. A detailed profile of his expertise is attached at Appendix 26. Importantly, Mr. Blatstein has routinely demonstrated responsiveness to the interests of the local community surrounding his developments.

The Piazza at Schmidt's – one of Mr. Blatstein's signature developments – is a shining example of designing and redesigning a development with the interests of the local community in mind. The development features a large piazza, inspired by the Piazza Navona in Rome, that has effectively become the Northern Liberties town square. The development also features a supermarket and substantial retail amenities. However, instead of the traditional supermarket and strip mall, Mr. Blatstein designed the Piazza development so the supermarket is on the second floor, smaller retail on the first floor, and the parking is in the interior of the block. This design decision allowed for neighborhood friendly uses with open windows along the street fronts (supermarkets avoid windows because they need to maximize shelving inside the store and windows take away shelving). The result was enthusiastic praise from the local Northern Liberties Neighborhood Association.

In addition to working with the community on design issues, Mr. Blatstein is also generous with his financial resources. In connection with his development efforts in Northern Liberties, Mr. Blatstein followed through with a promise to donate \$100,000 (\$50,000 each) to the Northern Liberties Community Center and Liberty Lands Park.

Finally, Mr. Blatstein is also very active in array of business, civic and charitable groups. Among other volunteer activities, he was a founding member of the Waterfront Developers Council, and is the past President of the Jewish Publishing Group board and has served on the Board of Trustees of Community College of Philadelphia, Board of Visitors of Temple University, Northeast Treatment Centers and the Federation of Jewish Agencies as Real Estate Division chairman. See also response to Question 12 of Mr. Blatstein's Multi-Jurisdictional Personal History Disclosure Form.

For more information, please see Appendix 38(8) of the Application and Disclosure Information Form submitted for the Isle Philadelphia Manager, LLC – Tower Entertainment, LLC's management company – for a description of Isle Philadelphia Manager, LLC's record meeting local commitments.

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### APPENDIX 38 (9)

AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED, PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:

(9) THE DEGREE TO WHICH POTENTIAL ADVERSE EFFECTS WHICH MIGHT RESULT FROM THE PROJECT, INCLUDING COSTS OF MEETING THE INCREASED DEMAND FOR PUBLIC HEALTH CARE, CHILD CARE, PUBLIC TRANSPORTATION, AFFORDABLE MANDATORY HOUSING AND SOCIAL SERVICES, WILL BE MITIGATED;

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Tower Entertainment, LLC ("Tower") fully understands that the development of any business venture that brings additional employees and guests to an area may stress the existing infrastructure. Tower (through its principal Bart Blatstein and affiliates) has successfully developed numerous projects in the Philadelphia area without material adverse effects. In many of those projects, Tower has worked closely with the local community to incorporate their interests into the project design. See Appendix 38(8).

Tower anticipates that any adverse impacts would be very limited and mitigation will be an ascertainable goal as part of the ongoing operations of the mixed-use entertainment facility. In fact, in many instances, the economic boom to a community will in itself help to rectify existing situations. According to the National Opinion Research Center's *Gambling Impact and Behavior Study* of 1999, "Unemployment rates, welfare outlays, and unemployment insurance in such communities declined by about one-seventh." (*Gambling Impact and Behavior Study. Report to the National Gambling Impact Study Commission*, National Opinion Research Center at the University of Chicago, April 1, 1999 p.x.) Additionally, "In communities proximate to newly opened casinos, per capita rates of bankruptcy, health indicators, and violent crimes are not significantly changed" (*Gambling Impact and Behavior Study. Report to the National Gambling Impact Study Commission*, National Opinion Research Center at the University of Chicago, April 1, 1999, p.x.). Tower and its management company, Isle Philadelphia Manager, LLC, are both committed to ensuring that any possible negative impacts to the local community are addressed and corrected as quickly and as comprehensively as possible.

#### **Public Health Care**

Tower, which would employ approximately 2,500 people, would not be expected to have any significant negative effects on the public health system in Philadelphia. With a location along the northern edge of Center City, Tower's proposed mixed-use entertainment facility and the spin-off development that will be spurred in the immediate neighborhood will be in close proximity to the numerous health care options in Center City, University City and North Broad Street. It is not foreseen that there will be significant stress on local health care providers with the additional staff.

To a larger extent, Tower would have a more measurable positive effect on public health care by providing employees with health benefit plans that enable them to have access to better health care services. According to a study by PricewaterhouseCoopers, 63 percent of casino employees surveyed stated that they had improved their access to health care benefits after

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securing employment with a casino. PricewaterhouseCoopers, Gaming Industry Employee Impact Survey, Washington, D.C.: American Gaming Association, October 1997.

The daily operation of a gaming establishment, since it does not use large quantities of toxic chemicals for production purposes, does not impose a significant threat to its workers or community through misuse or accident. It is considered a "clean" industry that does not generate harmful pollutants or impose any unique environmental concerns. Noxious or unpleasant odors would not be a problem. In general, a casino environment does not present any unusual workplace conditions that would put workers at undue risk.

### **Child Care**

With a population of approximately 1.5 million, the City of Philadelphia has a sizeable youth population. The U.S. Census estimates approximately 22.5% of the city's population is under 18 years of age. The City, therefore, already has a significant capacity for the child care needs of the fourth largest city in the nation and it is not anticipated that the additional staff to operate the mixed-use entertainment facility would measurably increase the demands for child care.

### **Public Transportation**

SEPTA's Broad Street subway line and numerous bus routes, including Route 2, 4, 16, 43, as well as several New Jersey Transit routes, already serve the expanded Pennsylvania Convention Center Expansion District and will be able to serve *The Provenance*. The subway line connects the complex to the 69<sup>th</sup> Street Terminal and Frankford Transportation Center via the Market-Frankford subway line as well as the Regional Rail and Trolley Lines via Suburban Station. Substantial on-site and nearby private parking facilities will ensure that there will be no adverse impact on the local community from customer vehicle parking.

### **Housing**

The mixed-use entertainment facility is not anticipated to have a material adverse impact on housing as the complex will be constructed on non-residential property, as such the complex will not displace any housing. In fact, the complex is projected to increase the commercial and residential development in the surrounding North Broad Street neighborhood around the facility by 2-3 million square feet, which will have a measurably positive impact on the local community. Any increase in demand for housing resulting from the project should be satisfied by the increased supply that will be spurred by the facility. In fact, Tower's principal, Bart Blatstein, is already underway converting the former State Office Building at Broad Street and Spring Garden into a new \$100 million mixed-use project that will contain 404 apartments and 60,000 square feet of retail space when both of its phases are complete:

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### Social Services

According to the American Gaming Association, significant amounts of data demonstrate that communities with casinos experience no difference in the level of social problems than do communities without casinos. The Association cites a study issued by the General Accounting Office that found "no conclusive evidence on whether or not gambling caused increased social problems in Atlantic City." Peter Reuter, *The Impact of Casinos on Crime and other Social Problems: An Analysis of Recent Experiences*, Report for the Greater Baltimore Committee, College Park, MD.: University of Maryland, January 1997.

Moreover, gaming is not the novelty attraction that it was 25-30 years ago. It widely exists in Pennsylvania and in states immediately adjacent and/or within easy access to Philadelphia. It therefore is not anticipated that the mixed-use entertainment facility, for which less than 20% of the square feet will be dedicated to gaming, would have a material effect on the demand for social services.

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**APPENDIX 38 (10)**

AS REQUIRED BY §1325 OF THE GAMING ACT, APPLICANT MUST ADDRESS EACH ITEM LISTED IN THIS SECTION. IF AN ITEM DOES NOT APPLY, THE APPLICANT MUST STATE THAT IN RESPONSE TO EACH ITEM LISTED, PROVIDE A PLAN, WITH DETAILS, FOR THE FOLLOWING:

(10) THE RECORD OF THE APPLICANT AND ITS DEVELOPER REGARDING COMPLIANCE WITH

(I) FEDERAL, STATE AND LOCAL DISCRIMINATION, WAGE AND HOUR, DISABILITY AND OCCUPATIONAL AND ENVIRONMENTAL HEALTH AND SAFETY LAWS AS WELL AS

(II) STATE AND LOCAL LABOR RELATIONS AND EMPLOYMENT LAWS;

(III) THE APPLICANT'S RECORD IN DEALING WITH ITS EMPLOYEES AND THEIR REPRESENTATIVES AT OTHER LOCATIONS.

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As a newly-formed entity, Tower Entertainment, LLC does not have information responsive to this question.



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**APPENDIX 45 - Update, December 21, 2012**

PROVIDE A SUMMARY OF ALL PERSONS WHO HOLD AN OWNERSHIP OR OTHER BENEFICIAL  
INTEREST IN THE APPLICANT AND ANY SUCH INTEREST IN ANY OF ITS PRINCIPAL AFFILIATES OR  
PRINCIPAL ENTITIES REQUIRED TO BE LICENSED OR PERMITTED IN PENNSYLVANIA

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Please see attached.

**Tower Entertainment, LLC**  
 400 North Broad Street, Philadelphia  
*Breakdown of Ownership in the Organizational Chain*

<u>Tower Gaming, LLC</u>	
100.000	Tower Gaming, LLC
<u>100.000</u>	
<u>Tower Gaming, LLC</u>	
100.000	Bart Blatstein
<u>100.000</u>	
100.000	Bart Blatstein

*Net Ownership Interest in Tower Entertainment, LLC*

**HR Philadelphia Manager, LLC (Management Co for Tower Entertainment, LLC)**

<u>HR Philadelphia Manager, LLC</u>	
100.000	Seminole Hard Rock Entertainment, Inc.
<u>100.000</u>	
<u>Seminole Hard Rock Entertainment, Inc.</u>	
100.000	SHRE/SHRI, LLC
<u>100.000</u>	
<u>SHRE/SHRI, LLC</u>	
100.000	Seminole HR Holdings, LLC
<u>100.000</u>	
<u>Seminole HR Holdings, LLC</u>	
100.000	Seminole Tribe of Florida (comprised of 3,800 tribe members that each own less than 1%)
<u>100.000</u>	• Not a controlling interest holder as defined at 4 PA C.S. § 1103.

*Tower Entertainment, LLC and HR Philadelphia Manager, LLC- Principals*

Bart Blatstein	Brad Buchanan	Elrod Bowers
Jim Shore	Michael D. Rumbolz	Robert L. Gips
Henry W. Hornbostel	Agnes Billie-Mottow	Carla Gopher
James F. Allen		